



PISCATAWAY TOWNSHIP SCHOOLS

*Piscataway Township Board of Education
Middlesex County, New Jersey
Comprehensive Annual Financial Report*



Year Ended June 30, 2018

Piscataway Township School District

Piscataway, New Jersey

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

Prepared by

Business Office

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Note: The schedules denoted with N/A are not applicable in the current year. However, the New Jersey Department of Education requires the District to reference all schedules included in its sample Comprehensive Annual Financial Report.

Introductory Section



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Teresa M. Rafferty
Superintendent of Schools

David Oliveira
Business Administrator/Board Secretary

February 8, 2019

Honorable President and
Members of the Board of Education
Piscataway Township School District
County of Middlesex, New Jersey

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report (CAFR) of the Piscataway Township School District (District) for the year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2018 and the respective changes in financial position and cash flows, where applicable, for the year ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organization chart, a roster of officials, and the list of independent auditors and advisors. The financial section includes the management's discussion and analysis (presented immediately after the report of independent auditors), basic financial statements, required supplementary information, and supplementary information, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the Federal Uniform Guidance and the New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on internal control over compliance and compliance with major programs and findings and recommendations are included in the Single Audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The Piscataway Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and the government-wide financial statements of the District are included in this report. The Piscataway Township Board of Education and all its schools constitute the District's reporting entity. The District does not have any component units.

Piscataway Township is the fifth oldest municipality in New Jersey with an approximate population of 56,000 people. The Township is home to Rutgers, the State University of New Jersey, as well as many Fortune 500 corporations. Piscataway Township and the Piscataway Board of Education are coterminous. The School District is an independent legal entity operating under Title 18A Education of the New Jersey Statutes and is subject to the rules and supervision of the State Board of Education and the Commissioner of the State Department of Education.

The Piscataway Township Board of Education provides a full range of educational services appropriate to grade levels PK through 12 for approximately 7,200 students. These include regular education programs, special education programs for students with disabilities, extracurricular activities, interscholastic athletic programs, and adult/community education programs. Our educational programs offer a broad-based, challenging curriculum to ensure that every child has the opportunity to pursue a post-secondary education without the need for remedial course work.

The Piscataway Township Schools offers a flourishing program in visual and performing arts that starts in primary grades, extensive technology instruction including a one-to-one iPad initiative for all middle school students, supplemental programs such as Math Potential and Jump Ahead to assist average students in reaching higher goals, a full-day kindergarten program, and counseling and mental health services. Piscataway is one of the few districts that provide on-site counseling services at no charge to families through a partnership with Rutgers University.

Piscataway High School has long offered a comprehensive range of Advanced Placement and honors courses, but it recently expanded its academic offerings with the development of an Academy Program. Selected students will follow a four year recommended sequence of courses in one of four academies: Biomedical, Engineering, Performing Arts or Visual Arts. Successful students will graduate with honors upon completing all of the requirements. Piscataway High School also offers a concurrent credit program that allows students to earn college credit for courses taken at the high school.

The District has an extensive special education program for students with disabilities. In-district self-contained programs provide learning environments that allow the students to attend school in their home community with their peers. Specialized programs are available for instruction in life skills and job training with internships at local businesses. Classes and programs are tailored to the needs of the students based on the recommendations of the IEP team, which includes the parent/guardian.

Piscataway High School's state champion football team and award-winning band program are two examples of the District's extensive list of extracurricular activities and athletic programs. The District was able to reinstate its middle school sports programs several years ago and continues to offer after-school activities at all of its K-8 schools. Supplemental classes and programs are offered by the adult/community education department throughout the school year. The District's *You, I, We Inspire* program was named Grand Prize winner by the National School Boards Association for its combined focus on academic achievement and character education.

The District's schools are organized on a PreK, K-3, 4-5, 6-8 and 9-12 system and include one high school, three middle schools, two intermediate schools, and four elementary schools, along with an integrated preschool program located in two rented buildings. All of the schools operate on a full-day schedule, including kindergarten. The District's schools are listed below. Additional information about all of the District's school buildings can be found in Schedule J-18.

School	Grades	Address	Age of Building
Eisenhower Elementary School	K-3	360 Stelton Road	1968
Grandview Elementary School	K-3	130 North Randolphville Road	1953/1968/2002
Knollwood Elementary School	K-3	333 Willow Avenue	1960/1992
Randolphville Elementary School	K-3	1 Suttie Avenue	1961/1992
Arbor Intermediate School	4-5	1717 Lester Place	1961/2001
Martin Luther King Intermediate School	4-5	5205 Ludlow Street	1969/2002
Conackamack Middle School	6-8	5205 Witherspoon Street	1964/2008
Quibbletown Middle School	6-8	99 Academy Street	1961/1994
T. Schor Middle School	6-8	243 North Randolphville Road	1970/2006
Piscataway High School	9-12	100 Behmer Road	1956/1972/2007

Located within Piscataway Township are several private/parochial schools, the Educational Services Commission of New Jersey schools, and a County vocational and technical high school.

There are no charter schools located within the borders of Piscataway Township, however, during the 2017-2018 school year, the District had 30 students attend six charter schools in surrounding communities. These charter schools offer education in grades K through 12. Students enrolled in charter schools reduce the enrollment in the Piscataway Township Schools, but due to the spread of students across all grade levels, the District is not able to recognize any accompanying reductions in staffing or budget expenditures. The District is required to fund the charter school students by allocating a portion of its state aid to the charter schools. In 2017-2018, the District paid \$328,975.

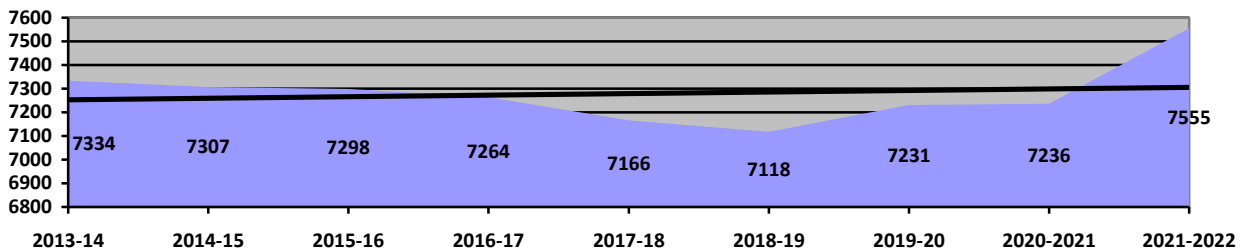
The table below details charter school enrollment for the previous five years with projected enrollment for 2018-2019.

Fiscal Year	Enrollment
2013-2014	19
2014-2015	19
2015-2016	23
2016-2017	25
2017-2018	30
2018-2019	44

Enrollment

The exhibit below illustrates the District's actual enrollment based on the annual October 15th count required by the New Jersey Department of Education, as well as projected enrollments through 2021-2022. Starting with a base year of 2013-2014 to the 2017-2018 school year, enrollment decreased from 7,334 to 7,166; a decrease of 168 students or approximately 2.3%. Enrollment projections show that enrollment growth is expected to increase to 7,555 during the 2021-2022 school year. That is a projected increase of 389 students, or approximately 5.4%.

Piscataway Schools Enrollment



Projections:

One of the issues that has arisen in providing enrollment projections during the past several years has been the unpredictability of the development and completion of housing projects. Although there has been construction of residential units during the past five years, construction has been inconsistent and the developments have had a low to moderate impact on the schools. Several new housing developments have received approval and are beginning to move forward with construction after years of inactivity.

The housing development formerly known as Lackland has been taken over by Avalon Bay, a national apartment development and management company. Construction on the Avalon Bay project is approximately halfway through its development. The first apartment units were completed and occupied in the summer of 2018. The remaining units will be available for occupancy on a rolling basis with expected completion by June 2019. Dr. Ross Haber, a demographer retained by the Piscataway Board of Education, predicts 236 students will be enrolled in the District's schools within five years, based on the demographics of Piscataway.

The Planning Board of the Township of Piscataway has approved a mixed use development project that will include 495 market-rate apartments and 100 age-restricted apartments at a formerly vacant site (Karczynski Redevelopment Tract). Site work has already been completed, but construction has not yet started. Dr. Ross Haber predicts an additional 251 students will be enrolled in the District's schools from this housing project. The Township has also listed several other possible developments in their affordable housing plan which include the Ericsson Redevelopment, Rivendell Redevelopment, Timothy Christian School site, and the Intervenor site. The Rivendell Redevelopment project is in the preliminary stages of obtaining state and township approvals. The Township is also considering a "Town Centre" proposal which may include apartments and single-family homes in close proximity to Piscataway High School.

The District has retained Dr. Ross Haber to assess the impact of all of the potential housing redevelopment projects listed above as well as to monitor potential enrollment from other projects in the Township. Our most recent enrollment projections included above include the projected impact of the nearly completed Avalon Bay development with additional students from the potential

Karczynski Redevelopment Tract projected for school year 2021-2022. The next demographic study may reflect an increase in projected enrollment if any additional developments materialize over the next few years. Depending on the pace of future enrollment, budgets may have to bear the cost of building expansions and additional teachers within the confines of significant budget limitations.

2) ECONOMIC CONDITION AND OUTLOOK

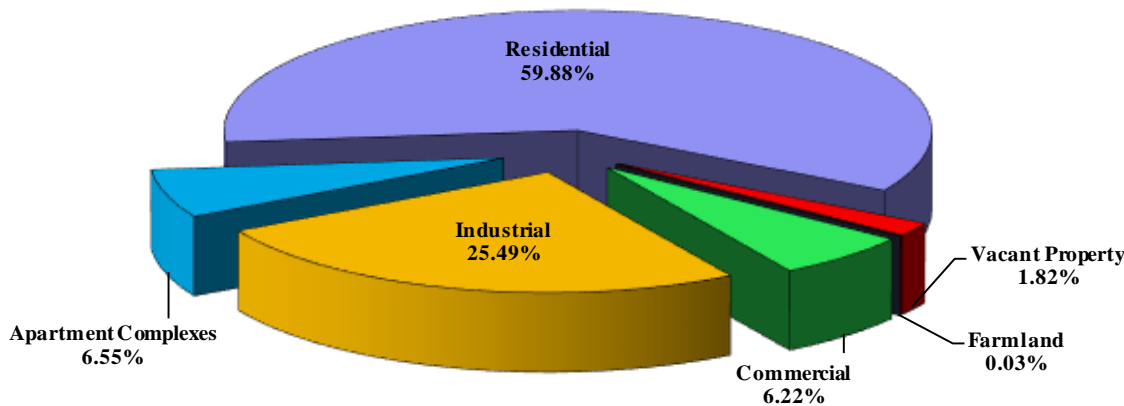
Piscataway is primarily a residential area economy that benefits from its proximity to New York City and an expansive road infrastructure near major roadways. Piscataway is the home of many well-known industrial concerns, research centers and computer/data warehouses comfortably spaced in attractively designed modern buildings on broad beautifully landscaped sites including the major employers listed in Schedule J-15.

Piscataway is also the home of numerous facilities for Rutgers, the State University of New Jersey, including Livingston College, the College of Engineering, the School of Pharmacy, the Rutgers Athletic Center Complex and Rutgers Stadium. Rutgers University properties cover approximately one-eighth of the Township, but produce zero tax revenue for the District.

In September 2017, Standard & Poor’s upgraded the District’s general obligation debt long-term rating from AA- to AA. In addition to the strength of the District’s financial operations, S&P cited Piscataway’s “good to very strong economic indicators with a growing tax base and no concentration among leading taxpayers.”

The assessed value of ratables in the Township increased \$1,046,305,200 from \$6,270,453,300 in 2017 to \$7,316,758,500 in 2018. The primary reason for the increase is the annual reassessment plan initiated by Piscataway Township whereby 25 percent of properties will be inspected each year and market values adjusted accordingly. On a percentage basis, apartments accounted for the most significant increase in the total ratables. Piscataway’s ratables are classified in the 2018 Middlesex County Board of Taxation Abstract of Ratables as follows:

Vacant Property	\$ 133,530,800
Residential	4,381,483,800
Farmland	2,076,200
Commercial	455,062,100
Industrial	1,865,243,300
Apartment Complexes	479,362,300
Total Ratables	<u><u>\$ 7,316,758,500</u></u>



3) LONG TERM FINANCIAL PLANNING/MAJOR INITIATIVES

As a public school district we are faced with never ending challenges resulting from an ever changing educational landscape. The State of New Jersey has not fully funded the School Funding Reform Act, which has resulted in the Piscataway Township Schools being short changed over the past several years and local taxpayers having to cover a disproportionate share of the cost of education compared to more affluent communities. Moreover, the State imposed 2% cap on the local tax levy, limited federal funding for the Individuals with Disabilities Education Act and No Child Left Behind mandates, and per pupil allocation payments to charter schools have strained our allocation of resources in the local budget.

As part of the state of New Jersey's final fiscal year 2018 budget, additional state aid was provided to some school districts that were not fully funded under the School Funding Reform Act. The Piscataway Township Schools received an additional \$995,236 in 2017-2018. In July 2018, the Governor of the state of New Jersey signed school funding reform legislation that will move toward full funding of the School Funding Reform Act by 2024-2025. The legislation phases in a redistribution of state aid from overfunded school districts to underfunded school districts over six years. The Piscataway Township Schools received an additional \$1,822,282 in July 2018 for the 2018-2019 fiscal year. Based on the new legislation, the District's state aid is anticipated to increase each of the next six years.

In addition to the above, the New Jersey Department of Education has adopted the national Common Core Standards and implemented a new teacher and principal evaluation system without providing financial support at the local level. These mandates have impacted the District's need to redesign curriculum, make major investments in upgrading technology in an accelerated manner, and invest in comprehensive professional development, all financed with local tax dollars.

The Piscataway Township Schools remain committed to assisting all students achieve college and career readiness. Along with a rigorous instructional program being implemented at all grade levels, the District continues to offer supplemental programs to students in need by providing support specialists, Saturday and Summer Academies, a partnership with Rutgers University, and tutoring and mental health counseling. Funding for these supplemental programs has come from a combination of implementing efficiencies in non-instructional areas of the operation as well as utilizing professionally approved funding alternatives to support health benefits costs, participating in shared services agreements, and instituting cost containment measures.

The District has completed numerous additions, renovations and upgrades to its buildings through a combination of efficient budgeting, voter approved referendums and New Jersey Schools Development Authority (SDA) Regular Operating District (ROD) grants. SDA ROD grants are funds provided by the State of New Jersey to school districts to pay for 40% of eligible school project costs. These grants have allowed the district to undertake important renovations and upgrades with the taxpayers only paying 60% of the project cost.

The most recent round of ROD grants have allowed the District to implement a multi-year facilities improvement plan that has included security and communications upgrades at 11 buildings, roof replacements on 4 buildings, HVAC upgrades at 8 buildings, and building improvement projects at Piscataway High School. These collective improvements have propelled the District forward in providing learning environments that will greatly enhance student achievement. All of the improvements are designed to support the instructional program and help Piscataway keep pace with educational requirements and facilities in surrounding communities.

The District continues to focus on reserving funds in its capital reserve account to address building improvements and infrastructure needs without having to issue new debt. The District completed a \$3 million paving project to improve the safety of driveways and parking lots throughout the District's buildings during the summer of 2017. In the summer of 2018, the District completed two projects at Piscataway High School: replacement of a portion of the roof and replacement of the turf field and tennis courts. The District has also begun a four classroom addition at one of the elementary schools to accommodate expected enrollment increases from residential development.

Personnel costs are a significant component of the annual budget. The Piscataway Board of Education recently completed the negotiation of a new three-year agreement with the Piscataway Township Education Association that provides cost certainty through the 2019-2020 fiscal year. The agreement with the Piscataway Township Principals and Supervisors Association is settled through the 2018-2019 fiscal year and negotiations on a new contract will begin in early 2019.

Going forward, the District's administration will continue to implement a budget process that presents to the Board of Education and the community a balanced approach to providing financial support to instructional programs while seeking efficiencies on the operations side. The instability of state operating revenues and its potential impact on State Aid to schools, despite the legislation signed earlier this year, will continue to present a challenge for all New Jersey school districts. Another challenge is cost containment and the impact of inflation on salaries and contracted services. Bargaining units are negotiating 3-4% annual increases throughout the state even though the tax levy cap remains at 2% per annum.

As we project the future, we are working with the following assumptions:

- Assumption One – Tax Levies for school districts cannot exceed 2% unless we meet very few exceptions. In essence, our costs, many of which are beyond our control need be kept below the levy cap.
- Assumption Two – Personnel – School districts are human resource dependent organizations therefore the largest impact on the budget going forward is in the area of salaries and related benefits.
- Assumption Three – Energy – Energy costs have been relatively stable and will be budgeted accordingly, but the District has moderated the impact of energy costs through efficiencies and the installation of solar panels on many of the District's buildings. The solar panels will accrue the benefit of a reduction in kilowatts purchased as well as a revenue stream from the sale of kilowatts back into the electric grid.
- Assumption Four – All other expenditures, including supplies and new equipment, will be held to a 2% inflationary growth.
- Assumption Five – Despite the 2% tax levy cap, the District will work to maintain a capital reserve account in order to address any building expansion needs that may arise from new housing developments in the township and to improve our existing facilities.

4) RELEVANT FINANCIAL POLICIES

The District recognizes the importance of sound financial policies and their importance in supporting the whole school program. District administration works closely with the Fiscal Planning and Operations Committee and the Policy and Legislative Committee, two subcommittees of the Board of Education, to review and update financial policies.

The District utilizes zero-based budgeting practices as well as historical trend analysis to prepare its budget. The District monitors revenue and expenditure vs. budget on a monthly basis and provides reports to the Board. All variances are researched and analyzed to determine if any irregularities or significant deviations exist. All variances are shared with the appropriate administrator and, if necessary, adjustments are made to ensure compliance with the approved budget.

Cash flow is monitored on a daily basis and unused funds are invested in local, interest-bearing checking accounts. The District transitioned to two new banks during fiscal 2018 to maximize the interest rate earned and minimize banking service fees. There has been a significant increase in interest earned which will be fully reflected in the fiscal year 2019 report.

The District has continued its risk management policies by purchasing insurance for all identified risks from New Jersey Schools Insurance Group, an insurance pool of New Jersey school districts, including property damage, commercial liability, business auto, legal liability, and workers' compensation. The District is self-insured for medical, prescription, and dental claim exposure with supplemental stop-loss insurance limiting the District's total exposure.

5) INTERNAL CONTROLS

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

As a recipient of federal awards and state financial assistance, the District is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by the District management. In fiscal year 2017, the District was selected by the New Jersey Department of Education for monitoring the use of federal funds and the related program plans for the Individuals with Disabilities Education Act as well as a fiscal audit of the Carl D. Perkins Postsecondary Grant by the New Jersey Department of Education, Office of Fiscal Accountability and Compliance. The reports yielded no findings.

As part of the District's Single Audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to evaluate whether the District has complied with applicable laws and regulations relating to its major programs. During the fiscal year 2018 audit, a material weakness was identified in the testing of the Extraordinary Aid state program resulting in a qualified opinion for that program. The District has developed additional internal controls to enhance its review process that will be implemented for the fiscal year 2019 extraordinary aid application. The other major federal and state programs received an unmodified opinion.

6) BUDGETARY PROCESS AND LEVEL OF CONTROL

In addition to internal 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 submitted to the Department of Education. In accordance with the New Jersey Quality Single Accountability Continuum, the District develops a budget calendar and reviews it with the Fiscal Planning and Operations Committee of the Board of Education to set the schedule of benchmarks for the budget.

Budget development begins with a review of personnel and new staffing requests, health benefit projections, district-wide instructional initiatives and capital projects. Departmental and school budget requests are reviewed to ensure compliance with educational objectives and budget thresholds. State aid allocations are announced late in the budget development process and budget adjustments are made accordingly. Budget requests are populated in the Department of Education budget software and are reviewed for compliance with regulations. The Fiscal Planning and Operations Committee receives monthly reports on the budget development process.

A preliminary budget is finalized and presented to the Board of Education for approval. The preliminary budget is then submitted to the New Jersey Department of Education Executive County Superintendent of Schools for comments and approval. The preliminary budget is modified as necessary and the annual budget is adopted by the Board of Education for the general fund, the special revenue fund, and the debt service fund. A copy of the approved user-friendly budget is posted to the District's website for easy access by the community. The final adopted appropriated budget as amended for the fiscal year is reflected in the financial section.

7) ACCOUNTING SYSTEM AND REPORTS

The District's financial statements are presented in conformity with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements," Note 1.

8) DEBT ADMINISTRATION

As noted earlier, Standard & Poor's upgraded the District's general obligation debt long-term rating from AA- to AA. All of the District's net debt is scheduled to be retired within the next five years. At June 30, 2018, the District's outstanding debt issues included serial bonds in the amount of \$16,490,000.

9) OTHER INFORMATION

Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of PKF O'Connor Davies, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related Federal Uniform Guidance and New Jersey OMB Circular 15-08, as amended. The auditors' report on the basic financial statements, required supplementary information, and supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS

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

Respectfully submitted,

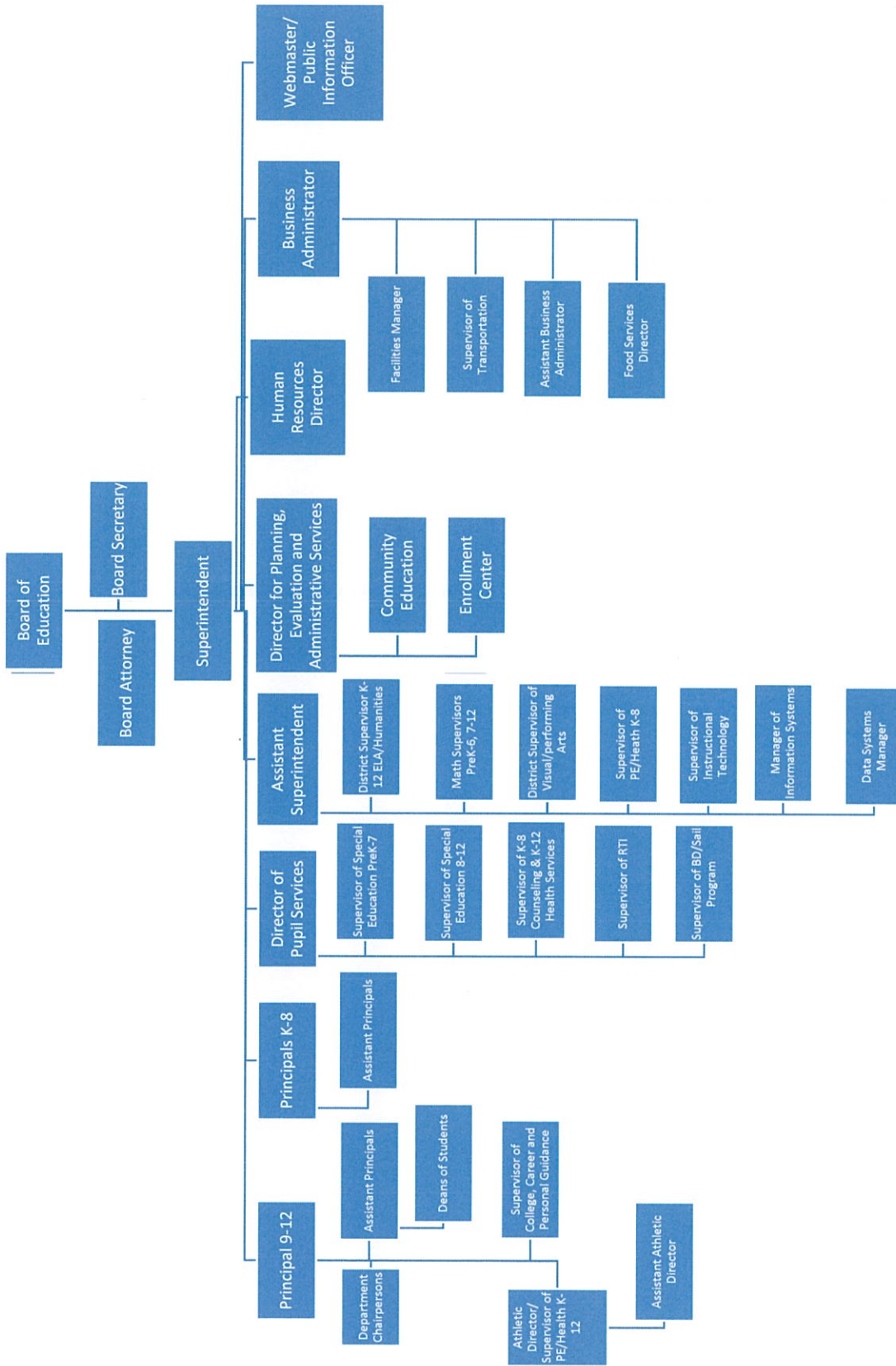
Handwritten signature of Teresa Rafferty in cursive script, written over a horizontal line.

Teresa Rafferty, Superintendent

Handwritten signature of David Oliveira in cursive script, written over a horizontal line.

David Oliveira, Business Administrator

Piscataway Township Schools Organizational Chart 2018



Piscataway Township School District
Piscataway, New Jersey

Roster of Officials

June 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Alexandra Lopez, President	2020
Ira Stern, Vice President	2018
Shantell Cherry	2020
Tom Connors	2020
Adelita Deepan	2019
William J. Irwin,	2019
Ralph E. Johnson	2019
Atif Nazir	2018
Isaac Peng	2018

Other Officials

Teresa M. Rafferty, Superintendent of Schools

David Oliveira, School Business Administrator/ Board Secretary

David Rubin, Esq., Solicitor

Piscataway Township School District
Piscataway, New Jersey

Independent Auditors and Advisors

Architects

Spiezle Group, Inc.
1395 Yardville- Hamilton Square Road
Hamilton, NJ 08690

El Associates
8 Ridgedale Avenue
Cedar Knolls, NJ 07927

Independent Auditors

PKF O'Connor Davies, LLP
20 Commerce Drive
Suite 301
Cranford, NJ 07016

Attorney

David B. Rubin
(Staff Counsel)

Official Depository

Investors Bank
565 Stelton Road
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**The Certificate of Excellence in Financial Reporting
is presented to**

Piscataway Township Board of Education

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE
Executive Director

Financial Section

Independent Auditors' Report

**The Honorable President and Members
of the Board of Education
Piscataway Township School District**
County of Middlesex
Piscataway, 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 Piscataway Township School District, in the County of Middlesex, State of New Jersey (the "District"), as of and for the year ended June 30, 2018, and the related notes the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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**The Honorable President and Members
of the Board of Education
Piscataway Township School District**

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significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to previously 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 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF schedule of post-employment benefits and budgetary comparison information as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. Code of

**The Honorable President and Members
of the Board of Education
Piscataway Township School District**

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Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, and are also not a required part of the basic financial statements.

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

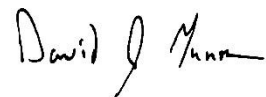
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

February 8, 2019
Cranford, New Jersey



David J. Gannon
Licensed Public School Accountant
No. 2305

Required Supplementary Information – Part I

Management's Discussion and Analysis

Piscataway Township School District
Management's Discussion and Analysis
Year Ended June 30, 2018

As management of the Piscataway Township School District, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current fiscal year (2017-2018) and the prior fiscal year (2016-2017) is presented in the MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 29 - 30 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the

funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget and supplementary information for the debt service fund.

The basic governmental fund financial statements can be found on pages 31 - 33 of this report.

Proprietary funds. The District maintains two proprietary fund types. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service and adult and child care programs, both of which are considered major funds of the District. The Internal service funds are funds used to accumulate and allocate costs internally among the District's various functions or for providing a service to other entities on a break-even basis. The District uses one internal service fund to account for services provided to all the other funds. The District operates an internal service fund for its self-insurance activities. The internal service fund is considered to be a major fund of the District. The internal service fund has been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 34 - 36 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The District also has an unemployment compensation fund and a private-purpose scholarship fund. The basic fiduciary fund financial statements can be found on pages 37 - 38 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 39 - 77 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds, enterprise funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 82 – 121 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2018 and 2017:

	2018			2017		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Current and other assets	\$ 40,690,401	\$ 5,647,462	\$ 46,337,863	\$ 37,029,494	\$ 5,756,541	\$ 42,786,035
Capital assets, net	71,512,162	176,295	71,688,457	69,867,168	216,642	70,083,810
Total assets	112,202,563	5,823,757	118,026,320	106,896,662	5,973,183	112,869,845
Deferred outflows	14,056,914		14,056,914	19,316,107		19,316,107
Liabilities						
Current liabilities	12,842,341	1,628,044	14,470,385	11,878,043	1,856,228	13,734,271
Net pension liability	41,562,429		41,562,429	53,915,115		53,915,115
Long Term Liabilities	16,621,255		16,621,255	19,836,264		19,836,264
Total liabilities	71,026,025	1,628,044	72,654,069	85,629,422	1,856,228	87,485,650
Deferred inflows	9,029,416		9,029,416	87,173		87,173
Net position						
Invested in capital assets, net of related debt	54,954,567	176,295	55,130,862	50,418,186	216,642	50,634,828
Restricted	27,445,978		27,445,978	24,710,558		24,710,558
Unrestricted (deficit)	(36,196,509)	4,019,418	(32,177,091)	(34,632,570)	3,900,313	(30,732,257)
Total net position	\$ 46,204,036	\$ 4,195,713	\$ 50,399,749	\$ 40,496,174	\$ 4,116,955	\$ 44,613,129

Key financial highlighted for the 2017-2018 fiscal year include the following:

- Governmental net position increased \$5,707,862. The impact of the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year ended June 30, 2018 attributed to an increase to full accrual expenditures and state source revenue in the amount of \$10,870,374. The standard was implemented to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). See footnote seven for further detail. A significant reason for the increase in net position was attributable to \$5,820,068 in capital asset additions for various projects. Specifically, the district-wide paving and sidewalk upgrade project was completed in the amount of \$3,329,514 and put into service in September 2017. Additionally, the High School ADA Bathroom Upgrade project which began in the fiscal year ended June 30, 2017 was 88% complete at June 30, 2018 and incurred \$1,320,556 in expenditures during 2018, which is recognized in construction in progress.
- Consistent with the prior year, the State withheld the school district's fiscal 2017-2018 last two state aid payments until July 2018.
- Increase to governmental current and other assets in the amount of \$3,660,907 resulted primarily from the overall increase of \$3,645,803 in governmental cash from the prior year. The increase in the cash balance was generated from revenues in excess of the original budget and excellent control over expenditures.
- Significant changes to deferred outflows and deferred inflows of resources pertain primarily to the impact of the changes in the GASB 68 net pension liability calculation performed by the State of New Jersey. The changes for the year ended June 30, 2018 from the prior year resulted from adjustments in assumptions calculated by the actuary in conjunction with the net pension liability calculation for the measurement date of June 30, 2017 and rolled forward to June 30, 2018. The net pension liability associated with the District's governmental activities at June 30, 2018 amounted to \$41,562,429, which decreased by \$12,352,686 from the prior year. Long-term liabilities mainly decreased by principal payments made in the amount of \$2,875,000 in bonds payable.
- The largest portion of the District's net position reflects its investment in capital assets (e.g., land, construction in progress, building and equipment) net of related debt. The balance of invested in capital assets, net of related debt is the carrying value of capital assets less the amount of the outstanding debt used to finance those assets.

- An additional portion of the District's net position (restricted) represents resources that are subject to external restrictions on how they may be used, including funds reserved for future maintenance service, capital reserve, excess surplus and capital projects. Restricted net position increased by \$2,735,420 during the year ended June 30, 2018.
- The deficit (negative) balance of governmental unrestricted net position in the amount of (\$36,196,509) is mainly the result of liabilities for compensated absences and the net pension liability without an offsetting asset.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2018 and 2017 are as follows:

	2018			2017		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 817,142	\$ 8,277,168	\$ 9,094,310	\$ 856,606	\$ 8,397,257	\$ 9,253,863
Operating grants and contributions	4,211,505	1,430,710	5,642,215	4,053,975	1,389,213	5,443,188
Capital grants and contributions	526,133		526,133	462,836		462,836
General revenues:						
Property taxes	92,993,062		92,993,062	92,193,129		92,193,129
State and federal aid not restricted to a specific purpose	58,879,012		58,879,012	52,271,257		52,271,257
Investment Income	639,884		639,884	300,695		300,695
Miscellaneous	368,615	16,326	384,941	402,888	12,858	415,746
Total revenue	158,435,353	9,724,204	168,159,557	150,541,386	9,799,328	160,340,714
Expenses:						
Instructional services	93,192,588		93,192,588	89,968,357		89,968,357
Support services	58,548,065		58,548,065	54,912,150		54,912,150
Charter school	328,975		328,975	295,494		295,494
Interest on long term debt	657,863		657,863	768,766		768,766
Business Type Activities		9,645,446	9,645,446		9,777,126	9,777,126
Total expenses	152,727,491	9,645,446	162,372,937	145,944,767	9,777,126	155,721,893
Increase in net position before transfers	5,707,862	78,758	5,786,620	4,596,619	22,202	4,618,821
Net position—beginning	40,496,174	4,116,955	44,613,129	35,899,555	4,094,753	39,994,308
Net position—ending	\$ 46,204,036	\$ 4,195,713	\$ 50,399,749	\$ 40,496,174	\$ 4,116,955	\$ 44,613,129

With the additional state aid awarded, property tax revenue only increased \$799,933 to balance the budget for increases to salaries and health benefits.

The total increase from 2016/17 to 2017/18 in state and federal aid was \$6,607,755. As mentioned above, there was an increase in state source revenue in the amount of \$10,870,374 due to the implementation of No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year ended June 30, 2018. There was also an increase to general state aid of approximately \$1,000,000. These increases to state aid were offset by the significant reduction in the TPAF revenue recognized in the net pension liability calculation. Based on the actuarial calculation, which included changes in discounts rates, mortality rates, etc. the amount to be recognized on the full accrual basis of accounting for the year ended June 30, 2018 was reduced by approximately \$5,600,000. The changes related to GASB 68 and TPAF

pension, retiree medical and social security were also reflected in the expenditures.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The District's fund balance amounts are classified as either restricted, committed, assigned or unassigned.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2018, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2017</u>	<u>Percent of Increase</u>
Local sources	\$ 95,069,242	71.74%	\$ 1,113,586	1.19%
State sources	34,511,330	26.04%	3,394,347	10.91%
Federal sources	2,943,911	2.22%	79,545	0.03
Total	<u>\$ 132,524,483</u>	<u>100.00%</u>	<u>\$ 4,587,478</u>	<u>3.59%</u>

The increase in local sources is primarily due to an increase in the tax levy of \$799,933. The District's overall increase in the tax levy is within the 2% levy cap as promulgated by the State Legislature. The increase in state sources is largely a result of the State of New Jersey increasing the amount paid by the State on behalf of the District for TPAF Pension and Medical Contributions and an increase in general state aid of \$995,236.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2018 and the increases and (decreases) in relation to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2017</u>	<u>Percent of Increase (Decrease)</u>
Current expenditures:				
Instruction	\$ 51,821,555	40.32%	\$ 1,062,171	2.09%
Support services	72,786,520	56.63%	5,884,412	8.80%
Charter Schools	328,975	0.26%	33,481	11.33%
Debt service:				
Principal	2,875,000	2.24%	135,000	4.93%
Interest and Other Charges	717,375	0.56%	(112,300)	-13.54%
Total	<u>\$ 128,529,425</u>	<u>100.00%</u>	<u>\$ 7,002,764</u>	<u>5.76%</u>

The increase in instruction and undistributed expenditures is mainly the result of an increase in salaries and wages, the cost of benefits as well as an increase in on-behalf TPAF social security and pension contributions, which is also offset by a correlating revenue source. The net increase in debt service expenditures is due to an increase in principal bond payments.

General Fund

Fund balance in the General Fund increased by approximately \$3,600,000. Of the \$28,274,489 fund balance in the General Fund, \$4,935,583 is restricted for current year excess surplus, \$6,000,000 is restricted for the prior year excess surplus, \$12,833,344 is restricted in the capital reserve account, \$2,009,821 is restricted in the maintenance reserve, \$676,712 of encumbrances is assigned to other purposes, and \$1,819,029 is unassigned.

Special Revenue Fund

Expenditures in the Special Revenue Fund increased primary due to the increase in Title I expenditures for salaries and supplies. The District has an undesignated deficit fund balance of \$44,220 in the Special Revenue Fund as of June 30, 2018 as a result of the State deferring the payment of the final two state aid payments until July 2018.

Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The fund balance in the Capital Projects Fund of \$1,667,230 is the result of the unspent proceeds from transfers from capital reserve and state grant money that is being used for ongoing capital projects throughout the District.

Internal Service Funds

The District operates a self-insurance program for workers compensation, health, prescription and dental benefits. The Internal Service Fund net position remained the same at \$2,700,255.

Business Type Activities. The focus of the District's business type activities is to provide information on near-term inflows, outflows, and balances of spendable resources related to the operations of its food service and adult and child care programs.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The following schedule presents a summary of the Enterprise funds revenues for the fiscal year ended June 30, 2018, and the (decreases) and increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease) Increase from 2017</u>	<u>Percent of (Decrease) Increase</u>
Local sources	\$ 8,293,494	85.29%	\$ (116,621)	-1.39%
State sources	27,574	0.28%	(139)	-0.50%
Federal sources	1,403,136	14.43%	41,636	3.06%
Total	<u>\$ 9,724,204</u>	<u>100.00%</u>	<u>\$ (75,124)</u>	<u>0.77%</u>

The decrease in local sources is mainly attributable to a decrease in the food service special function revenue from less Charter Schools served during the year ended June 30, 2018. The decreases in state sources is the direct result of a state subsidy payment in the prior year of approximately \$2,500 that was not awarded during fiscal year ended June 30, 2018. The increase in federal source revenue was caused by increased participation in the program during the fiscal year ended June 30, 2018.

The following schedule presents a summary of the Enterprise fund operating expenses for the fiscal year ended June 30, 2018, and the increases and (decreases) in relation to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2017</u>	<u>Percent of Increase</u>
Salaries	\$ 4,876,909	50.56%	\$ 143,729	3.04%
Employee benefits	1,150,038	11.92%	114,371	11.04%
Other purchased services	1,229,957	12.75%	39,470	3.32%
Supplies and materials	392,191	4.07%	(366,322)	-48.29%
Cost of sales program	1,527,338	15.83%	(43,651)	-2.78%
Other	469,013	4.86%	(19,277)	-3.95%
	<u>\$ 9,645,446</u>	<u>100.00%</u>	<u>\$ (131,680)</u>	<u>-1.35%</u>

The increase in salaries and benefits is mainly attributable to general contractual salary increases and increased health benefit costs. The decrease in cost of sales is due to the different mix of food purchases during the year that yielded lower costs. The increase in other purchased services is attributable to the District's increase in rental fees and service delivery costs.

Food Service Fund

The food service enterprise fund operated at a \$108,254 net profit this year. This was achieved by increased participation and strong controls over expenditures. Both revenues from daily food sales and federal sources increased from the prior year by \$20,579 or 1.5% and \$41,636 or 3.1%, respectively as a result of an increase in students which increase the meal claims from the prior year. The special function sales decreased by \$150,637 or 14.9% as a result of the food service company providing less

meals to outside organizations. Total operating expenses decreased from the prior year by \$137,491 or 3.7% due to the decrease in cost of sales and supplies.

The net position of the food service fund, \$204,336 is comprised of net position - investment in capital assets of \$75,834 and unrestricted net position of \$128,502.

Adult and Community Education Fund

The adult and community education fund realized operating revenue of \$6,032,287 for the year ended June 30, 2018. Current year tuition revenues increased from the prior year by \$9,969 or 0.2% as a result of increased participation in the summer camp program along with increased participation in the preschool program, while operating expenses increased from the prior year by \$5,811 or .10% as a result of general contractual salary increases and an increase to health benefit costs. Overall, the fund generated a net operating loss of \$29,496. The fund maintains plenty of cash on hand to ensure the operational requirements of running the program are met at any time. Furthermore since the fund has substantial net position, the District has elected not to burden the residents of the community with any increases to tuition rates.

The net position of the adult and community education fund, \$3,991,377 is comprised of net position-net investment in capital assets of \$100,461 and unrestricted net position of \$3,890,916. The unrestricted net position is the result of the District running a successful adult and community education program.

Capital Assets and Debt Administration

Capital Assets. At June 30, 2018, the District’s governmental activities had capital assets of \$71,512,162 (net of accumulated depreciation), including land, construction in progress, school buildings, machinery, equipment and vehicles.

The District’s governmental funds’ capital assets, net of depreciation consisted of the following at June 30, 2018 and 2017:

	June 30,	
	2018	2017
Land	\$ 1,542,967	\$ 1,542,967
Construction in progress	1,716,995	156,147
Buildings and building improvements, net	67,169,707	67,062,823
Machinery, equipment, and vehicles, net	1,082,493	1,105,233
Total capital assets, net	<u>\$ 71,512,162</u>	<u>\$ 69,867,170</u>

The increased in total capital assets is a result of capital asset additions exceeding depreciation expense during the fiscal year. See footnote #4 for further details on capital assets.

Debt Administration. During the 2018 fiscal year, the District had outstanding long-term liabilities of \$24,876,434 of which \$8,255,179 was classified as the current portion.

At June 30, 2018 and 2017, the District's long-term liabilities consisted of:

	June 30	
	2018	2017
	<u> </u>	<u> </u>
Bonds payable	\$ 16,490,000	\$ 19,365,000
Unamortized premium on bonds	915,672	1,137,654
Compensated absences payable	1,941,967	1,842,244
Accrued liability for insurance claims	5,528,795	5,361,348
Total long-term liabilities	<u>\$ 24,876,434</u>	<u>\$ 27,706,246</u>

Long-term liabilities decreased mainly due to the principal payments made on the bonds in addition to the annual amortization of premiums on bonds. More detailed information about the District's long-term liabilities and outstanding debt can be found in Notes 5 and 12 to the basic financial statements.

General Fund Budgetary Highlights

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described below are explanations for variations in realized revenues and expenditures for those lines where the final budgeted amounts differ from the actual amounts by more than \$500,000 and 5%. All other fluctuations less than \$500,000 and 5% are considered immaterial.

- On-behalf TPAF pension and reimbursed social security contributions are unbudgeted revenue sources. Consequently, actual revenues as well as the related expenditures exceeded the final budgeted amount by 100.0%.
- Due to a change in State Aid, which awarded more than originally budgeted, \$995,236 was reduced from the local tax levy to lessen the burden on the taxpayers.
- The final budget for custodial services did not exceed the actual expenditures by \$621,611 or 8.8% as a result of implementing and enforcing the energy savings plan.
- The final budget for unallocated benefits, did not exceed the actual expenditures by \$3,423,438 or 17% as a result of lower claims costs in the current year.
- The final budget for salaries for teachers (all grades) did not exceed the actual expenditures by \$1,889,471 based on a number of factors, including, vacancies and the salary differential between retired employees and newly hired employees.

Requests for Information

This financial report is designed to provide a general overview of the Piscataway School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the School Business Administrator, 1515 Stelton Road, Piscataway, New Jersey 08854.

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2018.

Piscataway Township School District

Statement of Net Position

June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 19,725,502	\$ 5,323,925	\$ 25,049,427
Accounts receivable	4,793,143	442,484	5,235,627
Internal balances	133,947	(133,947)	-
Investments	1,194,644		1,194,644
Other assets		15,000	15,000
Restricted:			
Cash and cash equivalents	14,843,165		14,843,165
Capital assets, non-depreciable	3,259,962		3,259,962
Capital assets, depreciable, net	68,252,200	176,295	68,428,495
Total assets	<u>112,202,563</u>	<u>5,823,757</u>	<u>118,026,320</u>
Deferred Outflows Of Resources			
Deferred loss on advanced refunding	848,077		848,077
Pension deferrals	13,208,837		13,208,837
	<u>14,056,914</u>		<u>14,056,914</u>
Liabilities			
Accounts payable	3,900,755	651,328	4,552,083
Accrued interest payable	247,453		247,453
Intergovernmental payables - State	28,586		28,586
Unearned revenue	76,159	976,716	1,052,875
Other Liabilities	334,209		334,209
Net pension liability	41,562,429		41,562,429
Current portion of long-term obligations	8,255,179		8,255,179
Noncurrent portion of long-term obligations	16,621,255		16,621,255
Total liabilities	<u>71,026,025</u>	<u>1,628,044</u>	<u>72,654,069</u>
Deferred Inflow Of Resources			
Pension deferrals	<u>9,029,416</u>		<u>9,029,416</u>
Net Position			
Net investment in capital assets	54,954,567	176,295	55,130,862
Restricted for:			
Capital projects	1,667,230		1,667,230
Excess surplus	10,935,583		10,935,583
Capital reserve	12,833,344		12,833,344
Maintenance reserve	2,009,821		2,009,821
Unrestricted (deficit)	<u>(36,196,509)</u>	<u>4,019,418</u>	<u>(32,177,091)</u>
Total net position	<u>\$ 46,204,036</u>	<u>\$ 4,195,713</u>	<u>\$ 50,399,749</u>

See accompanying notes to the basic financial statements.

Piscataway Township School District

Statement of Activities

Year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction	\$ 93,192,588	\$ 379,904	\$ 2,458,175		\$ (90,354,509)		\$ (90,354,509)
Support services:							
Attendance/social work	446,750				(446,750)		(446,750)
Health services	1,732,288				(1,732,288)		(1,732,288)
Other support services	15,288,999		1,727,814		(13,561,185)		(13,561,185)
Improvement of instruction	4,527,558				(4,527,558)		(4,527,558)
Other support: instructional staff	15,307				(15,307)		(15,307)
School library	1,039,347				(1,039,347)		(1,039,347)
General administration	2,680,268				(2,680,268)		(2,680,268)
School administration	6,790,088				(6,790,088)		(6,790,088)
Central services	1,881,095				(1,881,095)		(1,881,095)
Administrative information technology	1,544,286				(1,544,286)		(1,544,286)
Plant operation and maintenance	14,564,305		25,516	\$ 526,133	(14,012,656)		(14,012,656)
Student transportation	8,037,774	437,238			(7,600,536)		(7,600,536)
Charter schools	328,975				(328,975)		(328,975)
Interest on long-term debt	657,863				(657,863)		(657,863)
Total governmental activities	<u>152,727,491</u>	<u>817,142</u>	<u>4,211,505</u>	<u>526,133</u>	<u>(147,172,711)</u>		<u>(147,172,711)</u>
Business-type activities							
Food Service	3,583,663	2,259,793	1,430,710			\$ 106,840	106,840
Adult and Community Education	6,061,783	6,017,375				(44,408)	(44,408)
Total business-type activities	<u>9,645,446</u>	<u>8,277,168</u>	<u>1,430,710</u>	<u>-</u>		<u>62,432</u>	<u>62,432</u>
Total primary government	<u>\$ 162,372,937</u>	<u>\$ 9,094,310</u>	<u>\$ 5,642,215</u>	<u>\$ 526,133</u>	<u>(147,172,711)</u>	<u>62,432</u>	<u>(147,110,279)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					89,400,687		89,400,687
Property taxes, levied for debt service					3,592,375		3,592,375
State and federal sources—unrestricted					58,879,012		58,879,012
Investment income					342,107		342,107
Interest Income					297,777		297,777
Miscellaneous					368,615	16,326	384,941
Total general revenues					<u>152,880,573</u>	<u>16,326</u>	<u>152,896,899</u>
Change in net position					5,707,862	78,758	5,786,620
Net Position—beginning					40,496,174	4,116,955	44,613,129
Net Position—ending					<u>\$ 46,204,036</u>	<u>\$ 4,195,713</u>	<u>\$ 50,399,749</u>

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Piscataway Township School District
Governmental Funds

Balance Sheet

June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 9,330,786		\$ 1,702,194		\$ 11,032,980
Investments	1,194,644				1,194,644
Accounts receivable:					
State	1,236,612		2,538,905		3,775,517
Federal		\$ 823,012			823,012
Other	183,734	10,880			194,614
Interfund	3,560,759				3,560,759
Restricted assets:					
Cash and cash equivalents	14,843,165				14,843,165
Total assets	<u>\$ 30,349,700</u>	<u>\$ 833,892</u>	<u>\$ 4,241,099</u>	<u>\$ -</u>	<u>\$ 35,424,691</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,741,002	\$ 344,182	\$ 39,245		\$ 2,124,429
Intergovernmental payables:					
State		28,586			28,586
Interfunds payable		429,185	2,534,624		2,963,809
Unearned revenue		76,159			76,159
Other liabilities	334,209				334,209
Total liabilities	<u>2,075,211</u>	<u>878,112</u>	<u>2,573,869</u>		<u>5,527,192</u>
Fund balances:					
Restricted for:					
Excess surplus-current year	4,935,583				4,935,583
Excess surplus-prior year	6,000,000				6,000,000
Capital reserve account	12,833,344				12,833,344
Capital projects			1,667,230		1,667,230
Maintenance Reserve	2,009,821				2,009,821
Assigned to:					
Other purposes	676,712				676,712
Unassigned (deficit)	1,819,029	(44,220)			1,774,809
Total fund balances	<u>28,274,489</u>	<u>(44,220)</u>	<u>1,667,230</u>		<u>29,897,499</u>
Total liabilities and fund balances	<u>\$ 30,349,700</u>	<u>\$ 833,892</u>	<u>\$ 4,241,099</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$136,034,324 and the accumulated depreciation is \$64,522,162.	71,512,162
Internal service funds are used by the District to charge the costs of the District's self-insurance fund to the individual funds. The assets and liabilities of the internal service funds are included with governmental activities.	2,700,255
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(247,453)
Accounting loss on advanced refunding of debt	848,077
Long-term liabilities, including bonds payable, capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(19,347,639)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	4,179,421
Accrued pension contributions for the June 30, 2018 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in the accounts payable in the government-wide statement of net position.	(1,775,857)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(41,562,429)</u>
Net position of governmental activities	<u>\$ 46,204,036</u>

See accompanying notes to the basic financial statements.

Piscataway Township School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues					
Local sources:					
Local tax levy	\$ 89,400,687			\$ 3,592,375	\$ 92,993,062
Tuition	379,904				379,904
Transportation	437,238				437,238
Rents and Royalties	69,128				69,128
Investment Income	342,107				342,107
Interest Income	297,777				297,777
Miscellaneous	299,487	\$ 250,539			550,026
Total local sources	91,226,328	250,539		3,592,375	95,069,242
State sources	33,404,414	1,106,916	\$ 526,133		35,037,463
Federal sources	89,861	2,854,050			2,943,911
Total revenues	124,720,603	4,211,505	526,133	3,592,375	133,050,616
Expenditures					
Current:					
Instruction	47,685,898	2,458,175			50,144,073
Undistributed-current:					
Instruction	1,677,482				1,677,482
Attendance/social work	229,448				229,448
Health services	907,223				907,223
Other support services	7,204,080	1,727,815			8,931,895
Improvement of instruction	2,531,767				2,531,767
Education media library	585,155				585,155
Other support: instructional staff	14,729				14,729
General administration	1,894,352				1,894,352
School administration	3,525,883				3,525,883
Central services	1,043,699				1,043,699
Administrative information technology	917,410				917,410
Required maintenance of plant services	1,951,446				1,951,446
Operation of plant	11,411,809				11,411,809
Student transportation	6,674,178				6,674,178
Unallocated benefits	16,601,498				16,601,498
On-behalf TPAF social security and pension contributions	15,540,513				15,540,513
Charter schools - current	328,975				328,975
Capital outlay		25,515	1,560,849		1,586,364
Debt Service:					
Principal				2,875,000	2,875,000
Interest				717,375	717,375
Total expenditures	120,725,545	4,211,505	1,560,849	3,592,375	130,090,274
Excess (deficiency) of revenues over (under) expenditures	3,995,058		(1,034,716)		2,960,342
Other financing sources (uses)					
Transfers in			389,500		389,500
Transfers out	(389,500)				(389,500)
Total other financing sources (uses)	(389,500)	-	389,500	-	-
Net change in fund balances	3,605,558		(645,216)		2,960,342
Fund balances (deficit), July 1	24,668,931	(44,220)	2,312,446		26,937,157
Fund balances (deficit), June 30	\$ 28,274,489	\$ (44,220)	\$ 1,667,230	\$ -	\$ 29,897,499

The reconciliation of the fund balances of governmental funds to the net assets of governmental activities in the statement of net position is presented in an accompanying schedule (B-3).

See accompanying notes to the basic financial statements.

Piscataway Township School District
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2018

Total net change in fund balances - governmental funds (from B-2)		\$ 2,960,342
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	\$ (3,630,187)	
Capital outlays	<u>5,275,179</u>	1,644,992
The repayment of the principal of long-term debt, including capital lease obligations, consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.		
		2,875,000
Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		
Amortization of Premium on Bonds	221,982	
Amortization of Deferred Accounting Loss	<u>(205,595)</u>	16,387
In the statement of activities, interest on long-term debt/capital leases is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
		43,125
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		
		(99,724)
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
Pension expense		<u>(1,732,260)</u>
Change in net position of governmental activities (A-2)		<u><u>\$ 5,707,862</u></u>

See accompanying notes to the basic financial statements.

Proprietary Funds

Piscataway Township School District
Proprietary Funds

Statement of Net Position

June 30, 2018

	Major Funds			
	Business Type Activities - Enterprise Funds			Internal Service Fund
	Food Service	Adult and Community Education	Totals	Self Insurance Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 534,988	\$ 4,788,937	\$ 5,323,925	\$ 8,692,522
Accounts receivable:				
State	1,875		1,875	
Federal	82,482		82,482	
Other	303,247	54,880	358,127	
Other assets		15,000	15,000	
Total current assets	<u>922,592</u>	<u>4,858,817</u>	<u>5,781,409</u>	<u>8,692,522</u>
Capital assets:				
Equipment	995,260	702,057	1,697,317	
Accumulated depreciation	(919,426)	(601,596)	(1,521,022)	
Total capital assets, net	<u>75,834</u>	<u>100,461</u>	<u>176,295</u>	
Total assets	<u>998,426</u>	<u>4,959,278</u>	<u>5,957,704</u>	<u>8,692,522</u>
Liabilities				
Current liabilities:				
Accounts payable	610,076	41,252	651,328	469
Interfund payable	133,947		133,947	463,003
Accrued liability for insurance claims				5,528,795
Unearned revenue	50,067	926,649	976,716	
Total current liabilities	<u>794,090</u>	<u>967,901</u>	<u>1,761,991</u>	<u>5,992,267</u>
Net Position				
Net investment in capital assets	75,834	100,461	176,295	
Unrestricted	128,502	3,890,916	4,019,418	2,700,255
Total net position	<u>\$ 204,336</u>	<u>\$ 3,991,377</u>	<u>\$ 4,195,713</u>	<u>\$ 2,700,255</u>

Piscataway Township School District
Proprietary Funds

Statement of Revenues, Expenses and
Changes in Fund Net Position

Year ended June 30, 2018

	Major Funds			
	Business Type Activities - Enterprise Funds			Internal Service Fund
	Food Service	Adult and Community Education	Totals	Self Insurance Fund
	<u>Food Service</u>	<u>Adult and Community Education</u>	<u>Totals</u>	<u>Self Insurance Fund</u>
Operating revenues:				
Local sources:				
Daily food sales-reimbursable programs	\$ 777,678		\$ 777,678	
Daily food sales non-reimbursable programs	624,527		624,527	
Tuition		\$ 6,017,375	6,017,375	
Charges for services				\$ 18,137,810
Special Function	857,588		857,588	
Miscellaneous	1,414	14,912	16,326	
Total operating revenues	<u>2,261,207</u>	<u>6,032,287</u>	<u>8,293,494</u>	<u>18,137,810</u>
Operating expenses:				
Salaries	1,088,738	3,788,171	4,876,909	
Purchased professional services	22,710		22,710	
Employee benefits	276,086	873,952	1,150,038	18,137,810
Purchased property services		255,558	255,558	
Other purchased services	124,868	826,821	951,689	
Supplies and materials	200,534	191,657	392,191	
Cost of sales - program	1,205,778		1,205,778	
Cost of sales - non-program	321,560		321,560	
Management Fee	321,094		321,094	
Depreciation	22,295	56,897	79,192	
Miscellaneous		68,727	68,727	
Total operating expenses	<u>3,583,663</u>	<u>6,061,783</u>	<u>9,645,446</u>	<u>18,137,810</u>
Operating (loss)	(1,322,456)	(29,496)	(1,351,952)	-
Nonoperating revenues:				
State sources:				
State school lunch program	27,574		27,574	
Federal sources:				
School breakfast program	206,680		206,680	
National school lunch program	977,593		977,593	
Healthy Hunger Free Kids Act (HHFKA)	31,356		31,356	
Food donation program	187,507		187,507	
Total nonoperating revenues	<u>1,430,710</u>	<u>-</u>	<u>1,430,710</u>	<u>-</u>
Change in net position	108,254	(29,496)	78,758	-
Total net position-beginning	96,082	4,020,873	4,116,955	2,700,255
Total net position-ending	<u>\$ 204,336</u>	<u>\$ 3,991,377</u>	<u>\$ 4,195,713</u>	<u>\$ 2,700,255</u>

See accompanying notes to the basic financial statements.

Piscataway Township School District
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2018

	Major Funds			
	Business Type Activities - Enterprise Funds			Internal Service Fund
	Food Service	Adult and Community Education	Totals	Self Insurance Fund
Cash flows from operating activities				
Receipts from customers	\$ 2,241,558	\$ 5,835,615	\$ 8,077,173	
Payments to employees	(1,088,738)	(3,788,171)	(4,876,909)	
Payments for employee benefits	(276,086)	(873,952)	(1,150,038)	
Payments to suppliers	(2,085,882)	(1,322,540)	(3,408,422)	
Receipts from services provided				\$ 18,137,810
Payments for insurance				(18,950,948)
Net cash (used in) operating activities	(1,209,148)	(149,048)	(1,358,196)	(813,138)
Cash flows from noncapital financing activities				
Cash received from state and federal reimbursements	1,432,709		1,432,709	
Net cash provided by noncapital financing activities	1,432,709	-	1,432,709	-
Cash flows from investing activities				
Acquisition of capital assets	(8,331)	(30,514)	(38,845)	
Net cash (used in) investing activities	(8,331)	(30,514)	(38,845)	-
Net increase (decrease) in cash and cash equivalents	215,230	(179,562)	35,668	(813,138)
Cash and cash equivalents, beginning of year	319,758	4,968,499	5,288,257	9,505,660
Cash and cash equivalents, end of year	<u>\$ 534,988</u>	<u>\$ 4,788,937</u>	<u>\$ 5,323,925</u>	<u>\$ 8,692,522</u>
Reconciliation of operating (loss) to net cash (used in) operating activities:				
Operating (loss)	\$ (1,322,456)	\$ (29,496)	\$ (1,351,952)	
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:				
Depreciation	22,295	56,897	79,192	
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(24,461)	32,414	7,953	
(Decrease) increase in accounts payable	(23,709)	20,223	(3,486)	\$ (149,941)
Increase (decrease) in interfund payable	133,947		133,947	(830,644)
Decrease in inventory	424		424	
Increase (decrease) in unearned revenue	4,812	(229,086)	(224,274)	
Increase in accrued liability for insurance claims				167,447
Net cash (used in) operating activities	<u>\$ (1,209,148)</u>	<u>\$ (149,048)</u>	<u>\$ (1,358,196)</u>	<u>\$ (813,138)</u>

Noncash noncapital financing activities:

The District received \$187,083 of food commodities from Department of Agriculture for the year ended June 30, 2018.

See accompanying notes to the basic financial statements.

Fiduciary Funds

Piscataway Township School District
Fiduciary Funds

Statement of Fiduciary Net Position

Year Ended June 30, 2018

	<u>Private-Purpose Scholarship</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 24,504	\$ 1,765,893	\$ 409,139
Total assets	<u>\$ 24,504</u>	<u>\$ 1,765,893</u>	<u>\$ 409,139</u>
Liabilities			
Payroll deductions payable			\$ 9,543
Accounts payable		\$ 4,218	51,612
Due to student groups			347,984
Total liabilities		<u>\$ 4,218</u>	<u>\$ 409,139</u>
Net position			
Held in trust for unemployment claims		<u>\$ 1,761,675</u>	
Held in trust for scholarships	<u>\$ 24,504</u>		

See accompanying notes to the basic financial statements.

Piscataway Township School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2018

	Private-Purpose Scholarship Funds	Unemployment Compensation Trust
Additions		
Contributions:		
Interest	\$ 105	
Employee		\$ 156,557
Other	1,495	
Interest income	105	5,277
Total additions	1,600	161,834
Deductions		
Unemployment claims paid		153,903
Scholarship payments	3,375	
Total deductions	3,375	153,903
Change in net position	(1,775)	7,931
Net position-beginning of the year	26,279	1,753,744
Net position-end of the year	\$ 24,504	\$ 1,761,675

See accompanying notes to the basic financial statements.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies

The financial statements of the Piscataway Township School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies area described below.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Piscataway Township School District in Piscataway Township, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

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 changes in net position) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 New Jersey Department of Education (NJDOE) has elected to require New Jersey school districts to treat each governmental and proprietary fund as a major fund and each major individual fund is reported as separate columns in the fund financial statements. The NJDOE believes the presentation of all funds as major is important for public interest and to promote consistency among New Jersey School District financial reporting.

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, except for reimbursement

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

grants, the District considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences, the net position liability and capital leases, are recorded only when payment is due.

For this purpose, the District considers all 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, postemployment healthcare benefits and capital leases are recorded only when payment is due.

Property taxes, interest, and state and federal equalization monies 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 year. All other revenue items are considered to be measurable and available only when the District receives cash.

The District has reported 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 subfund.

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specified purposes. The revenue sources reported in the Special Revenue Fund include resources from the United States government, the State of New Jersey and some local organizations.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for payments made for principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds:

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

Enterprise Funds (Food Service, Adult and Community Education): The enterprise funds account for all revenues and expenses pertaining to the cafeteria and the adult school and child care program operations. The enterprise funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises.

The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

Internal Service Funds (Self Insurance): The self-insurance internal service fund is used to account for the District's various insurance expenses and the funds reserved by the District to cover the self-insured limits of the various insurance policies of the District.

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds of the District include the unemployment compensation and private purpose scholarship trust funds and agency funds. The District's agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the School District.

Trust Funds: The unemployment compensation fund is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, the State of New Jersey requires school districts to include the unemployment compensation trust as a private-purpose trust fund in the fiduciary fund. The principal and income deposited into this fund are for the sole benefit of specific individuals, former employees, and cannot be used to support the government's own programs. The management of the District is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey. Additionally, the unemployment compensation trust fund does not meet the criteria required to be included as an enterprise fund. One of the following criteria would need to be met for inclusion as an enterprise fund: the activity is financed with debt that is secured by a pledge of the revenues charged; laws or regulations require that the activity's cost be recovered with fees and charges, rather than with taxes or similar revenues; the pricing policies of the activity establish fees and charges designed to recover its costs. These criteria are not met as follows and therefore the unemployment compensation fund is recorded as a trust fund: there is no debt issued related to unemployment compensation claims; laws and regulations do not require that the activity's exceed employee contributions and those employee contributions costs be recovered with fees and charges, in fact, employer contributions greatly are raised through taxation; and lastly pricing policies are not established by the District as employee contributions to the

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

activity are regulated by the State of New Jersey and contributions are raised through payroll taxes. See footnote 11 for additional information. The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll, Bond and Interest, and Student Activity Fund): The agency funds are used to account for the assets that the District holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

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

Proprietary funds distinguish operating revenue 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. The principal operating revenues of the District enterprise funds are charges for sales of food, charges to other funds and tuition. Operating expenses for proprietary funds include the cost of sales, administrative expenses, expenses for the payment of insurance claims and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports unearned revenue on its balance sheets. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and statement of net position and revenue is recognized.

Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

The County Board of Taxation is responsible for the assessment of properties and the Township Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

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 Middlesex County office of the DOE for approval. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). 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 referred in N.J.A.C. 6A:23. All budget amendments must be approved by School Board resolution. Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations. The over-expenditure in the General Fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

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

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

E. Interfund Receivables/Payables

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

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

F. Inventories

Enterprise fund inventories are recorded at market value at the time of donation, which approximates current market value, using the first-in, first-out (FIFO) method.

G. Tuition

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. Tuition charges for the 2017-18 fiscal year were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Capital Assets

Capital assets, which include land, construction in progress, property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost through estimation procedures performed by an independent appraisal company. Land was valued at assessed value based upon information received from the Township of Piscataway. Donated capital assets are valued at their estimated fair market value on the date of donation.

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

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Machinery and equipment	2-20
Buildings	40
Building improvements	20
Vehicles	5-10

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

I. Compensated Absences

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies and collective bargaining agreements. In the event of termination, an employee is reimbursed for accumulated vacation time. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the district is recorded in the government-wide financial statements and includes salary related payments.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, a liability existed for compensated absences in the government-wide financial statements in the amount of \$1,941,967 and no liability existed for compensated absences in the enterprise funds.

J. Unearned Revenue

Unearned revenue in the general and special revenue fund represents cash which has been received but not yet earned, and outstanding encumbrances in the special revenue fund. Unearned revenue in the other enterprise funds represents cash received in advance of the related services being provided.

K. 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 two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions. 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 amounts related to pensions.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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. Bonds payable are reported net of the applicable bond premium or discount.

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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as either capital projects fund or debt service fund expenditures.

M. Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. As of June 30, 2018, the District has recorded an unamortized balance of \$848,077 as a deferred outflow of resources and amortization expense for the year was \$205,595.

N. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories.

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$28,274,489 of fund balance in the General Fund, \$12,833,344 (\$5,335,000 utilized in the 2018-2019 budget) has been restricted in the capital reserve account, \$2,009,821 (\$100,000 utilized in the 2018-2019 budget) has been restricted in the maintenance reserve account, \$4,935,583 is restricted for current year surplus, \$6,000,000 is restricted for prior year surplus, \$676,712 of encumbrances are assigned to other purposes and \$1,819,029 is unassigned.

O. Net Position and Fund Balance / Restricted Assets

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net position to what is now referred to as the statement of net position and the term “net assets” is changed to “net position” throughout the financial statements. Net Position represents the difference between assets, deferred outflows, deferred inflows, and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.

Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

P. Management Estimates

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

Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District’s annual budget.

R. Calculation of Excess Surplus

The designation for restricted fund balance-excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended.

New Jersey school districts are required to reserve fund balance in the general fund 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 District’s excess fund balance at June 30, 2018 was \$10,935,583. Of this amount, \$6,000,000 has been appropriated in the 2018-2019 budget and the remaining \$4,935,583 is required to be appropriated in the 2019-2020 budget.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

S. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, amounts on deposit and short-term investments with original maturities of three months or less.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

T. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated are authorized to enter into tax abatement agreements. Furthermore if the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district. 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. There have been no tax abatement agreements entered into by the Township that will affect the District.

U. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2018 through February 8, 2019, the date that the financial statements were issued, for possible disclosure and recognition in the accompanying financial statements, and no items have come to the attention of the District which would require disclosure or recognition.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

2. Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds. The details of this \$19,347,639 difference are as follows:

Bonds payable	\$ 16,490,000
Unamortized premium on bonds	915,672
Compensated absences	<u>1,941,967</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u><u>\$ 19,347,639</u></u>

3. Deposits and Investments

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.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a 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 savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at last equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

3. Deposits and Investments (continued)

Deposits

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

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF) and New Jersey Asset and Rebate Management Fund (NJARM).

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

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

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

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

The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which the District's deposits and investments are exposed to custodial credit risk.

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2018, the District's carrying amount of deposits was \$42,092,128 and the bank balance was \$44,056,300. Of the bank balance, \$1,000,000 was secured by federal depository insurance and \$42,292,258 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$764,042 held in the District's agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

3. Deposits and Investments (continued)

not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank which have a maturity date not greater than twelve months from the date of purchase.
- c. State of New Jersey Cash Management Fund (NJCMF) and New Jersey Asset and Rebate Management Fund (NJARM).
- d. Bonds or other obligations of the School District.

Custodial Credit Risk: The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer.

Interest Rate Risk: The District does not have a policy to limit interest rate risk.

As of June 30, 2018, the District's investment balances of \$1,194,644 were in Solar Renewable Energy Certificates. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

3. Deposits and Investments (continued)

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurement as of June 30, 2018:

- Solar Renewable Energy Credits in the amount of \$1,194,644 are valued using quoted market prices (Level 1 inputs).

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2018:

	Beginning Balance	Increases	Ending Balance
Governmental activities:			
Capital assets, not being depreciated:			
Sites and Site Improvements (Land)	\$ 1,542,967		\$ 1,542,967
Construction in progress	156,147	\$ 1,560,848	1,716,995
Total capital assets, not being depreciated	1,699,114	1,560,848	3,259,962
Capital assets, being depreciated:			
Buildings and building improvements	120,678,346	3,329,514	124,007,860
Machinery, equipment and vehicles	8,381,685	384,817	8,766,502
Total capital assets being depreciated	129,060,031	3,714,331	132,774,362
Less accumulated depreciation for:			
Buildings and building improvements	53,615,523	3,222,630	56,838,153
Machinery, equipment and vehicles	7,276,452	407,557	7,684,009
Total accumulated depreciation	60,891,975	3,630,187	64,522,162
Total capital assets, being depreciated, net	68,168,056	84,144	68,252,200
Governmental activities capital assets, net	<u>\$ 69,867,170</u>	<u>\$ 1,644,992</u>	<u>\$ 71,512,162</u>

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2018 as follows:

Instruction	\$ 2,034,769
Attendance/social work	9,012
Health services	35,634
Other support services	350,823
Improvement of instruction	99,442
Education media library	22,983
Other support: Instruction staff	579
General administration	74,406
School administration	138,488
Central services	40,994
Administrative information technology	36,034
Plant operation and maintenance	524,877
Student transportation	262,146
Total depreciation expense - governmental activities	<u>\$ 3,630,187</u>

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 1,658,472	\$ 38,845	\$ 1,697,317
Less accumulated depreciation for:			
Equipment	1,441,830	79,192	1,521,022
Total business-type activities capital assets, net	<u>\$ 216,642</u>	<u>\$ (40,347)</u>	<u>\$ 176,295</u>

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

5. Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 1,842,244	\$ 274,672	\$ 174,949	\$ 1,941,967	\$ 194,197
Bonds payable	19,365,000		2,875,000	16,490,000	3,005,000
Unamortized premium on bonds	1,137,654		221,982	915,672	221,982
Accrued liability for insurance claims	5,361,348	17,989,744	17,822,297	5,528,795	4,834,000
Subtotal	27,706,246	18,264,416	21,094,228	24,876,434	8,255,179
Net pension liability	53,915,115		12,352,686	41,562,429	
Governmental activity long- term liabilities	<u>\$ 81,621,361</u>	<u>\$ 18,264,416</u>	<u>\$ 33,446,914</u>	<u>\$ 66,438,863</u>	<u>\$ 8,255,179</u>

Refer to Note 12 - Risk Management for further discussion of the District's accrued liability for insurance claims.

The District expects to liquidate the compensated absences and net pension liabilities with payments made from the District's general fund and the bonds payable from the debt service fund. The accrued liability for insurance claims is paid with charges to other funds' budgets from the internal service fund.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

5. Long-Term Liabilities (continued)

Bonds Payable

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2019	\$ 3,005,000	\$ 602,275	\$ 3,607,275
2020	3,145,000	468,300	3,613,300
2021	3,315,000	317,550	3,632,550
2022	3,450,000	188,313	3,638,313
2023	3,575,000	66,725	3,641,725
	<u>\$ 16,490,000</u>	<u>\$ 1,643,163</u>	<u>\$ 18,133,163</u>

In August 2011, the District issued \$27,280,000 of Refunding School Bonds to provide resources to refund a portion of the District's outstanding debt. The bonds are due to mature annually through the 2023 fiscal year at annual interest rates ranging from 2.50% to 5.00%.

See Schedule I-1 for additional information regarding the District's bonds payable, including original amount of debt, interest rates and remaining maturities.

6. Pension Plans

Description of Systems

Substantially all of the District'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) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2018, the State of New Jersey contributed \$11,889,576 to the TPAF for normal costs of pension, post-retirement medical and long-term disability insurance benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$3,650,937 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included as both revenues and expenditures in the government-wide and fund financial statements.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2018, 2017 and 2016 were \$1,686,752, \$1,617,220, and \$1,468,276 respectively, equal to the required contributions for each year.

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

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

Public Employee's Retirement System (PERS)

At June 30, 2018, the District reported a liability of \$41,562,429 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2016, which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.1785450280 percent, which was a decrease of 0.0034952693 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized full accrual pension expense of \$3,419,012 in the government-wide financial statements. 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	\$ 978,652	
Changes of assumptions	8,373,397	\$ 8,342,699
Net difference between projected and actual earnings on pension plan investments	283,012	
Changes in proportion		686,717
Changes in proportion and differences between District contributions and proportionate share of contributions	1,797,919	
District contributions subsequent to the measurement date	1,775,857	
	<u>\$ 13,208,837</u>	<u>\$ 9,029,416</u>

\$1,775,857 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Year ended June 30:	
2019	\$ 1,377,911
2020	1,856,242
2021	1,220,892
2022	(1,096,877)
2023	<u>(954,604)</u>
	<u><u>\$ 2,403,564</u></u>

Actuarial Assumptions

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

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is unlikely 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.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

Long-Term 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 Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term 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 Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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, 2016 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

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

	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 51,561,014	\$ 41,562,429	\$ 33,232,369

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Additional Information

Collective balances at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 6,424,455,842
Deferred inflows of resources	\$ 5,700,625,981
Net pension liability	\$ 23,278,401,588
District's Proportion	0.1785450280%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 is \$1,694,305,613.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2017, 2016, 2015 and 2014 is 5.48, 5.57, 5.72 and 6.44 years, respectively.

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2017 was \$313,701,021. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

At June 30, 2017, the State's proportionate share of the TPAF net pension liability associated with the District was 0.4652688279 percent, which was an increase of 0.0021260001% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$21,731,618 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality Rates

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and) Benefits, the board of trustees and the actuaries.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

The long-term 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

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

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

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

	<u>At 1% Decrease (3.25%)</u>	<u>At Current Discount Rate (4.25%)</u>	<u>At 1% Increase (5.25%)</u>
State's proportionate share of the net pension liability associated with the District	\$ 372,686,653	\$ 313,701,021	\$ 265,108,401

Pension plan fiduciary net position

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

Additional Information

Collective balances at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 14,353,461,035
Deferred inflows of resources	\$ 11,992,821,439
Net pension liability	\$ 67,670,209,171
State's proportionate share associated with the District	0.4652688279%

Collective pension expense for the plan for the measurement period ended June 30, 2017 is \$4,688,207,089.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2017, 2016, 2015 and 2014 is 8.3, 8.3, 8.3 and 8.5 years, respectively.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-retirement Benefits

Plan Description

The District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State's contributions to the SHBP for post-retirement benefits on behalf of the District for the years ended June 30, 2018, 2017 and 2016 were \$4,661,472, \$4,360,578, and \$4,415,323, respectively, which equaled the required contributions for each year.

As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

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

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-retirement Benefits (continued)

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

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The net OPEB liability from New Jersey's plan is \$53,639,841,858.

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2016</u>
Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	<u><u>366,078</u></u>

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 was \$250,957,214, or 0.47%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by 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:

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-retirement Benefits (continued)

Inflation rate	2.50%	
	<u>TPA/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 - 4.55% based in years of service	2.15 - 4.15% based in age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based in age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based in 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-20014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvements projections from the central year using the MP-2017 scale.

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

Healthcare 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 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.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-retirement Benefits (continued)

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Changes in the Total Nonemployer OPEB Liability

The following represents the change in the State's proportionate share of the OPEB liability associated with the District:

Balance at June 30, 2016		\$ 270,987,900
Increased by:	\$ 11,094,997	
Service cost	7,960,142	
Interest cost	<u>214,038</u>	
Member contributions		<u>19,269,177</u>
		290,257,077
Decreased by:		
Changes of assumptions	33,487,161	
Gross benefit payments	<u>5,812,702</u>	
		<u>(39,299,863)</u>
Balance at June 30, 2017		<u><u>\$ 250,957,214</u></u>

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate.

	1% Decrease (2.58%)	At Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 297,904,319	\$ 250,957,214	\$ 213,718,324

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-retirement Benefits (continued)

The following presents the State's proportionate share of the net OPEB liability associated with the District calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 206,388,048	\$ 250,957,214	\$ 310,144,541

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

For the year ended June 30, 2018, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$15,531,846 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 99,843,255
Deferred inflows of resources	\$ 6,443,612,287
Collective OPEB expense	\$ 3,348,490,523

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

- The Variable Annuity Life Insurance Company
- Great American Life Insurance Company Security First Group
- The Copeland Companies
- Great West Life Assurance Company
- Lincoln Investment Planning Incorporated
- The Equitable Financial Companies Vanguard Fiduciary Group
- Metropolitan Life and Affiliated Company
- American Express Financial Advisors
- Financial Resources and Retirement Advisory, Incorporated
- Fidelity Investments

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

9. Interfund Receivables and Payables

The total interfund receivables and payables for the District at June 30, 2018 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 3,560,759	
Special Revenue Fund		\$ 429,185
Capital Projects Fund		2,534,624
Food Service Enterprise Fund		133,947
Self Insurance Internal Service Fund		463,003
	<u>\$ 3,560,759</u>	<u>\$ 3,560,759</u>

The interfund receivable in the general fund represents cash loaned to the special revenue fund to cover a pooled cash deficit; funds due to capital reserve from capital projects fund; and a receivable from the self-insurance internal service fund for costs originally paid by the general fund. All interfunds are expected to be repaid within one year.

10. Economic Dependency

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

11. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its approved referendum project. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required. If necessary, the District has made adequate provisions for any potential questioned costs related to its grant programs. The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

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 and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage over the past three years.

Self-Insurance

The District is self-insured for workers' compensation, medical, prescription and dental benefits and has established an internal service fund to account for its self-insurance activities. The accrued liability for unpaid workers' compensation, medical, prescription and dental claims of \$5,528,795 has been recorded in the internal service fund financial statements for Incurred But Not Reported Claims (IBNR), which is subject to modification and/or assessment of existing or additional claims. The workers' compensation IBNR liability has been calculated by an actuary contracted by the District's claims administrator. The actuary utilized a 3% discount rate in determining the workers' compensation present value of the liability. The IBNR liability for medical, prescription and dental benefits has been calculated by the District based on actual enrollment, the statute of limitations in reporting a claim, and actual claims reported. In addition, the District has an unrestricted net position of \$2,700,255 for future medical, dental, and prescription claims.

Changes in the Incurred But Not Reported claims liability amount in fiscal years 2018, 2017, and 2016 were:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2017-18	\$ 5,361,348	\$ 17,989,744	\$ 17,822,297	\$ 5,528,795
2016-17	5,785,758	17,172,083	17,596,493	5,361,348
2015-16	5,695,090	15,633,235	15,542,567	5,785,758

The District has estimated the short-term liability to be \$4,834,000, which approximates the District's recent claims history for workers' compensation plus a three months' average of premium costs for medical, prescription and dental claims.

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

13. New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

14. Restricted Assets

Restricted assets consist of funds set-aside in a capital reserve fund, and maintenance reserve fund that are restricted pursuant to enabling legislation.

15. Transfers – Reconciliation

The following presents a reconciliation of transfers during the 2018 fiscal year:

	<u>In</u>		<u>Out</u>
General Fund		\$	389,500
Capital Projects Fund	\$ 389,500		
	<u>\$ 389,500</u>	<u>\$</u>	<u>389,500</u>

The transfer from the general fund to the capital projects fund represents a transfer of capital reserve funds to provide the local share for a capital project.

16. Capital Reserve Account

A capital reserve account was established by the District by transferring \$1 to a capital reserve account in 2002 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. A district may also appropriate additional amounts when

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

16. Capital Reserve Account (continued)

the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2017	\$ 9,525,326
Increase:	
Interest Earned	32,032
Unexpended capital reserve appropriation	20,486
Deposit approved at the June 2018 Board meeting	5,500,000
Withdrawals:	
Budget	(1,105,000)
Board resolution	(1,139,500)
Ending balance, June 30, 2018	<u>\$ 12,833,344</u>

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve. The District utilized \$5,335,000 from the capital reserve account in its 2018-2019 budget.

17. Maintenance Reserve Account

A maintenance reserve account was established by the District by way of a Board approved resolution in the amount of \$2,000,000 in June 2017 for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Comprehensive Maintenance Plan (CMP).

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

Beginning balance, July 1, 2017	\$ 2,000,000
Increase:	
Interest Earned	9,821
Ending balance, June 30, 2018	<u>\$ 2,009,821</u>

Piscataway Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

17. Maintenance Reserve Account (continued)

Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line - item appropriation amounts, or both. The 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 NJ.AC. 6A:23A-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year. The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2018.

18. Deficit Fund Balance

The District has an undesignated deficit fund balance of \$44,220 in the Special Revenue Fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). For budget purposes only, P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditures, 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 last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last two state aid payments, the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

19. Commitments

There was \$355,376 of contractual commitments at June 30, 2018 to vendors related to ongoing construction projects which is reported as restricted for capital projects in the Capital Projects Fund. There were contractual commitments in the general fund in the amount of \$676,712 at June 30, 2018 which are reported as assigned to other purposes.

Required Supplementary Information – Part II

Pension and OPEB Schedules

Piscataway Township School District
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employee's 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) - Local Group	0.1785450280%	0.1820402973%	0.1707830271%	0.1714793465%	0.1664415389%	n/a	n/a	n/a	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 41,562,429	\$ 53,915,115	\$ 38,337,367	\$ 32,105,624	\$ 31,810,285	n/a	n/a	n/a	n/a	n/a
District's covered-employee payroll	\$ 12,358,725	\$ 12,065,765	\$ 12,029,023	\$ 11,266,523	\$ 11,465,806	\$ 11,316,748	\$ 11,521,743	\$ 12,492,320	\$ 11,666,261	\$ 10,481,766
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	336.30%	446.84%	318.71%	284.96%	277.44%	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	48.10%	40.14%	47.93%	48.62%	48.72%	n/a	n/a	n/a	n/a	n/a

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

n/a - information not available

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017.

Piscataway Township School District
 Schedule of District Contributions
 Public Employee's Retirement System

Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,686,752	\$ 1,617,220	\$ 1,468,276	\$ 1,413,651	\$ 1,241,996	\$ 1,313,280	\$ 1,404,154	\$ 1,330,802	\$ 965,041	\$ 965,041
Contributions in relation to the contractually required contribution	(1,686,752)	(1,617,220)	(1,468,276)	(1,413,651)	(1,241,996)	(1,313,280)	(1,404,154)	(1,330,802)	(965,041)	(965,041)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,425,585	\$ 12,358,725	\$ 12,065,765	\$ 12,029,023	\$ 11,266,523	\$ 11,465,806	\$ 11,316,748	\$ 11,521,743	\$ 12,492,320	\$ 11,666,261
Contributions as a percentage of covered-employee payroll	13.57%	13.09%	12.17%	11.75%	11.02%	11.45%	12.41%	11.55%	7.73%	8.27%

Piscataway Township School District
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
 Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	2018	2017	2016	2015	2014
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.465268828%	0.463142878%	0.4435537652%	0.4672153924%	0.4533723368%
District's proportionate share of the net pension liability (asset)					
State's proportionate share of the net pension liability (asset) associated with the District	\$ 313,701,021	364,337,637	280,344,921	249,711,421	229,130,813
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 313,701,021</u>	<u>364,337,637</u>	<u>280,344,921</u>	<u>249,711,421</u>	<u>229,130,813</u>
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.22 % as of June 30, 2016 to 4.25% as of June 30, 2017.

Piscataway Township School District
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
State Health Benefit Local Education Retired Employees Plan

Last Ten Fiscal Years*

		Year Ended June 30, 2018
State's proportion of the OPEB Liability associated with the District -		0.47%
District's proportionate share of the OPEB liability	\$	-
State's proportionate share of the OPEB liability associated with the District	\$	250,957,214
Total proportionate share of the OPEB liability associated with the District	\$	250,957,214
Balance at June 30, 2016	\$	270,987,900
Increased by:	\$	
Service cost	11,094,997	
Interest cost	7,960,142	
Member contributions	214,038	19,269,177
		290,257,077
Decreased by:		
Changes of assumptions	33,487,161	
Gross benefit payments	5,812,702	(39,299,863)
Balance at June 30, 2017	\$	250,957,214
Covered by employee payroll	\$	63,103,173
Total OPEB liability as a percentage of covered employee payroll.		397.69%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

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

Required Supplementary Information – Part III

Budgetary Comparison Schedules

Piscataway Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Local sources:					
Local tax levy	\$ 90,395,923	\$ (995,236)	\$ 89,400,687	\$ 89,400,687	
Tuition from Individuals	25,000		25,000	17,443	\$ (7,557)
Tuition from LEAs within state	275,000		275,000	362,461	87,461
Transportation Fees from Individuals	300,000		300,000	340,326	40,326
Transportation Fees from Other LEAs	100,000		100,000	96,912	(3,088)
Rents and royalties				69,128	69,128
Investment Income				262,008	262,008
Interest Income	40,000		40,000	255,924	215,924
Interest Earned on Capital Reserve Funds	15,000		15,000	32,032	17,032
Interest Earned on Maintenance Reserve Funds	6,000		6,000	9,821	3,821
Miscellaneous	625,000		625,000	299,487	(325,513)
Total revenues - local sources	91,781,923	(995,236)	90,786,687	91,146,229	359,542
State sources:					
Categorical Special Education aid	4,407,101		4,407,101	4,407,101	
Categorical Transportation aid	580,045		580,045	580,045	
Equalization Aid	9,687,325	995,236	10,682,561	10,682,561	
Extraordinary Aid	900,000		900,000	972,023	72,023
Security Aid	613,955		613,955	613,955	
Additional non public transportation aid				86,052	86,052
Educational Adequacy aid	403,614		403,614	403,614	
PARCC Readiness Aid	73,450		73,450	73,450	
Per Pupil Growth Aid	73,450		73,450	73,450	
Professional Learning Community Aid	72,250		72,250	72,250	
On-behalf TPAF pension contributions (non-budgeted)				7,217,255	7,217,255
On-behalf TPAF Post-Retirement Medical contributions (non-budgeted)				4,661,472	4,661,472
On-behalf TPAF Long- Term Disability Insurance contributions (non-budgeted)				10,849	10,849
Reimbursed TPAF social security contributions (non-budgeted)				3,650,937	3,650,937
Total - state sources	16,811,190	995,236	17,806,426	33,505,014	15,698,588
Federal sources:					
Medicaid reimbursement	102,839		102,839	89,861	(12,978)
Total Federal sources	102,839	-	102,839	89,861	(12,978)
Total revenues	108,695,952	-	108,695,952	124,741,104	16,045,152
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	1,896,822	3,125	1,899,947	1,656,699	243,248
Grades 1-5	11,780,983	(295,978)	11,485,005	11,010,625	474,380
Grades 6-8	7,848,549	(152,649)	7,695,900	7,257,980	437,920
Grades 9-12	11,143,469	(230,223)	10,913,246	10,213,001	700,245
Home instruction - regular programs:					
Salaries of teachers	72,520	(2,520)	70,000	36,322	33,678
Purchased professional-educational services	62,000	(13,000)	49,000	45,988	3,012
Undistributed instruction - regular programs:					
Other salaries for instruction	288,052		288,052	281,500	6,552
Purchased professional-educational services	1,496,750	40,905	1,537,655	1,257,760	279,895
Other purchased services	45,070	(3,428)	41,642	34,785	6,857
General supplies	1,649,931	(28,184)	1,621,747	1,322,878	298,869
Textbooks	28,607	6,352	34,959	29,290	5,669
Other objects	223,833	44,896	268,729	247,717	21,012
Total instruction - regular programs	36,536,586	(630,704)	35,905,882	33,394,545	2,511,337

Piscataway Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Cognitive-mild:					
Salaries of teachers	\$ 378,159	\$ 15,653	\$ 393,812	\$ 381,905	\$ 11,907
Other salaries for instruction	293,822	(122,499)	171,323	140,117	31,206
Purchased professional ed services	225,000	(44,416)	180,584	179,965	619
Other purchased services	350		350	96	254
General supplies	7,600	1,150	8,750	6,863	1,887
Total cognitive-mild	904,931	(150,112)	754,819	708,946	45,873
Learning and/or language disabilities:					
Salaries of teachers	847,678	7,927	855,605	836,316	19,289
Other salaries for instruction	375,146	133,551	508,697	490,138	18,559
Purchased professional ed services	285,000	(60,084)	224,916	224,624	292
General supplies	3,550		3,550	1,487	2,063
Total learning and/or language disabilities	1,511,374	81,394	1,592,768	1,552,565	40,203
Behavioral disabilities:					
Salaries of teachers	595,865	32,035	627,900	612,490	15,410
Other salaries for instruction	75,875	6,625	82,500	81,968	532
Purchased professional ed services	300,000	(33,589)	266,411	224,938	41,473
General supplies	7,400	75	7,475	6,840	635
Textbooks	200		200	200	
Total behavioral disabilities	979,340	5,146	984,486	926,436	58,050
Multiple disabilities:					
Salaries of teachers	151,533	8,640	160,173	104,774	55,399
Other salaries for instruction	78,946	(8,640)	70,306	39,182	31,124
Purchased professional ed services	30,000	55,519	85,519	76,770	8,749
General supplies	3,000		3,000	2,310	690
Total multiple disabilities	263,479	55,519	318,998	223,036	95,962
Resource room/center:					
Salaries of teachers	4,484,904	(90,656)	4,394,248	4,325,889	68,359
Other salaries for instruction	648,596	34,944	683,540	592,877	90,663
Purchased professional ed services	375,000	(28,059)	346,941	311,183	35,758
General supplies	13,600	(200)	13,400	10,163	3,237
Total resource room/center	5,522,100	(83,971)	5,438,129	5,240,112	198,017
Autism:					
Salaries of teachers	831,902	13,933	845,835	795,590	50,245
Other salaries for instruction	296,889	(14,509)	282,380	278,818	3,562
Purchased professional-educational	300,000	89,343	389,343	388,972	371
General supplies	38,000		38,000	34,533	3,467
Total autism	1,466,791	88,767	1,555,558	1,497,913	57,645
Preschool disabilities - part time:					
Salaries of teachers	297,044	12,066	309,110	275,006	34,104
Other salaries for instruction	121,359	(14,490)	106,869	106,869	
Purchased professional-educational	45,000	7,578	52,578	29,923	22,655
General supplies	3,500		3,500	1,527	1,973
Total preschool disabilities - part time	466,903	5,154	472,057	413,325	58,732
Preschool disabilities - full time:					
Salaries of teachers	236,331	21,556	257,887	243,628	14,259
Other salaries for instruction	167,589	(22,165)	145,424	145,424	
Purchased professional-educational	150,000	3,456	153,456	143,744	9,712
Total preschool disabilities - part time	553,920	2,847	556,767	532,796	23,971
Total special education	11,668,838	4,744	11,673,582	11,095,129	578,453

Piscataway Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 1,210,676	\$ 75,240	\$ 1,285,916	\$ 1,034,153	\$ 251,763
General supplies	7,536		7,536	3,771	3,765
Total basic skills/remedial - instruction	1,218,212	75,240	1,293,452	1,037,924	255,528
Bilingual education - instruction:					
Salaries of teachers	458,507		458,507	426,239	32,268
General supplies	7,630	(2,032)	5,598	3,844	1,754
Total bilingual education - instruction	466,137	(2,032)	464,105	430,083	34,022
School - sponsored cocurricular activities:					
Salaries	307,270	13,565	320,835	311,456	9,379
Purchased services	25,000	4,982	29,982	28,456	1,526
Supplies and materials	54,600	60,308	114,908	65,714	49,194
Other objects	16,300	(11,905)	4,395	1,450	2,945
Total school spn. cocurricular activities	403,170	66,950	470,120	407,076	63,044
School - sponsored athletics - instruction:					
Salaries	809,694	56,886	866,580	841,738	24,842
Purchased services	137,320	(2,262)	135,058	115,466	19,592
Supplies and materials	199,500	(1,818)	197,682	129,092	68,590
Other objects	28,600	4,150	32,750	31,203	1,547
Total school - sponsored athletics - instruction	1,175,114	56,956	1,232,070	1,117,499	114,571
Other supplemental / At Risk programs:					
Salaries of tutors	24,420	8,270	32,690	25,860	6,830
Purchased professional ed services	150,000	26,307	176,307	176,307	
General supplies	2,300		2,300	1,475	825
Total Other supplemental / At Risk programs	176,720	34,577	211,297	203,642	7,655
Total instruction	51,644,777	(394,269)	51,250,508	47,685,898	3,564,610
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs w/in the state - reg.		1,259	1,259	1,259	
Tuition to other LEAs w/in the state - sp.	800,000	(23,650)	776,350	734,877	41,473
Tuition to private schools for the handicapped - within state	1,100,000		1,100,000	890,394	209,606
Tuition - state facilities	50,952		50,952	50,952	
Total instruction	1,950,952	(22,391)	1,928,561	1,677,482	251,079

Piscataway Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Attendance and social work services:					
Salaries	\$ 223,813	\$ 4,349	\$ 228,162	\$ 225,292	\$ 2,870
Other purchased services	3,500		3,500	3,419	81
Supplies and materials	1,000		1,000	737	263
Total attendance and social work service	228,313	4,349	232,662	229,448	3,214
Health services:					
Salaries	882,216	(3,762)	878,454	853,872	24,582
Purchased professional and technical services	27,500	8,261	35,761	27,979	7,782
Other purchased services	600		600	100	500
Supplies and materials	26,000		26,000	25,272	728
Total health services	936,316	4,499	940,815	907,223	33,592
Speech, OT, PT, and related services related services:					
Salaries	1,374,997	41,130	1,416,127	1,415,920	207
Purchased professional educational services	4,000	(2,000)	2,000		2,000
Supplies and materials	30,000	1,000	31,000	29,653	1,347
Total Speech, OT, PT, and related services	1,408,997	40,130	1,449,127	1,445,573	3,554
Other support services - students - extra services:					
Salaries	7,140	463	7,603	7,603	
Purchased professional educational services	456,000	21,000	477,000	421,933	55,067
Supplies and materials	4,500	(1,300)	3,200	2,156	1,044
Total other support services - students - extra services	467,640	20,163	487,803	431,692	56,111
Guidance:					
Salaries of other professional staff	1,753,755	78,924	1,832,679	1,829,950	2,729
Salaries of secretarial and clerical assistants	343,744	5,510	349,254	349,254	
Other Salaries	-	47,650	47,650	45,375	2,275
Purchased professional - educational services	271,500	34,246	305,746	171,910	133,836
Other purchased professional - technical	2,000	(210)	1,790	25	1,765
Other purchased services	2,900	(600)	2,300	1,396	904
Supplies and materials	30,925	(160)	30,765	20,515	10,250
Other objects	950		950	882	68
Total guidance	2,405,774	165,360	2,571,134	2,419,307	151,827
Child Study Team:					
Salaries of other professional staff	2,720,823	(178,545)	2,542,278	2,509,572	32,706
Salaries of secretarial and clerical assistants	267,067	10,093	277,160	277,042	118
Other Salaries	77,000	(2,209)	74,791	61,865	12,926
Purchased professional - educational services	50,000	(6,000)	44,000	41,375	2,625
Other purchased services (400-500 series)	9,200		9,200	4,466	4,734
Supplies and materials	19,000	(725)	18,275	13,188	5,087
Total child study team	3,143,090	(177,386)	2,965,704	2,907,508	58,196

Piscataway Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 1,408,130	\$ (133,238)	\$ 1,274,892	\$ 1,274,892	
Salaries of secretarial and clerical assistants	185,750	(60,147)	125,603	125,603	
Other Salaries	49,760	64,468	114,228	104,940	\$ 9,288
Salaries of facilitators, math & literacy coaches	244,913	301,199	546,112	545,712	400
Purchased professional - educational services	104,287	22,582	126,869	107,293	19,576
Other purchased services	8,200	(6,230)	1,970	1,437	533
Supplies and materials	330,219	45,543	375,762	366,024	9,738
Other objects	4,670	3,550	8,220	5,866	2,354
Total improvement of instructional services	2,335,929	237,727	2,573,656	2,531,767	41,889
Educational media services/school library:					
Salaries	434,282	72,478	506,760	466,409	40,351
Purchased professional and technical services	13,000	48,275	61,275	56,918	4,357
Other purchased services		13,000	13,000	12,724	276
Supplies and materials	52,150	(658)	51,492	49,104	2,388
Total educational media services/school library	499,432	133,095	632,527	585,155	47,372
Instructional staff training services:					
Other purchased services	32,800	(500)	32,300	14,729	17,571
Supplies and materials	250	(250)			
Other objects	500	(500)			
Total instructional staff training services	33,550	(1,250)	32,300	14,729	17,571
Support services-general administration:					
Salaries	496,778	156,737	653,515	639,709	13,806
Salaries of attorneys	129,970		129,970	129,890	80
Legal services	60,000		60,000	8,880	51,120
Audit fees	88,000	(2,200)	85,800	72,000	13,800
Architectural / engineering services	100,000	122,638	222,638	163,914	58,724
Other purchased professional services	70,000		70,000	45,379	24,621
Purchased technical services	50,000	15,420	65,420	8,995	56,425
Communications/telephone	582,700	(99,000)	483,700	301,019	182,681
BOE Other purchased services	5,000		5,000	1,843	3,157
Misc Purch Services	364,000	106,800	470,800	374,492	96,308
General supplies	161,000	(1,774)	159,226	92,183	67,043
Judgments against the school district	75,000	29,979	104,979	6,768	98,211
Miscellaneous expenditures	20,000	6,495	26,495	19,689	6,806
BOE membership dues and fees	35,000	(5)	34,995	29,591	5,404
Total support services-general administration	2,237,448	335,090	2,572,538	1,894,352	678,186

Piscataway Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Support services-school administration:					
Salaries of principals/ assistant principals	\$ 2,378,875	\$ (28,400)	\$ 2,350,475	\$ 2,332,330	\$ 18,145
Salaries of other prof staff	100,000	28,400	128,400	128,400	
Salaries of secretarial and clerical assistants	983,002	100,000	1,083,002	899,235	183,767
Other salaries	126,050	27,621	153,671	20,899	132,772
Purchased professional and technical services	5,000	27,274	32,274	18,909	13,365
Other purchased services	9,800	(1,793)	8,007	2,336	5,671
Supplies and materials	140,300	(16,026)	124,274	91,820	32,454
Other objects	44,206	20,739	64,945	31,954	32,991
Total support services-school administration	3,787,233	157,815	3,945,048	3,525,883	419,165
Central services:					
Salaries	907,901	77,500	985,401	861,412	123,989
Purchased technical services	55,000		55,000	42,765	12,235
Misc. purchased services	136,500	600	137,100	103,895	33,205
Supplies and materials	43,000	4,566	47,566	29,205	18,361
Other objects	8,000	1,000	9,000	6,422	2,578
Total central services	1,150,401	83,666	1,234,067	1,043,699	190,368
Administrative information technology:					
Salaries	755,402	(61,275)	694,127	639,074	55,053
Purchased technical services	12,000	12,250	24,250	15,330	8,920
Other purchased services	15,000		15,000	1,514	13,486
Supplies and Materials	71,500	2,038	73,538	59,712	13,826
Other objects	210,147	(1,056)	209,091	201,780	7,311
Total administrative information technology	1,064,049	(48,043)	1,016,006	917,410	98,596
Required maintenance for school facilities:					
Salaries	1,048,450		1,048,450	1,023,870	24,580
Cleaning, repair and maintenance services	648,242	60,540	708,782	650,472	58,310
General supplies	288,700	11,536	300,236	277,104	23,132
Total required maintenance for school facilities	1,985,392	72,076	2,057,468	1,951,446	106,022
Custodial Services:					
Salaries	2,849,813		2,849,813	2,772,617	77,196
Salaries of Non-Instructional Aids		149,358	149,358	149,358	
Purchased professional and technical services	45,000	(4,970)	40,030	26,080	13,950
Cleaning, repair and maintenance services	249,272	(13,172)	236,100	232,834	3,266
Other purchased property services	250,000		250,000	231,650	18,350
Insurance	946,762	(80,000)	866,762	864,379	2,383
Miscellaneous purchased services	5,000	980	5,980	3,998	1,982
General supplies	493,000	(87,250)	405,750	379,150	26,600
Energy - Natural gas	586,000		586,000	459,100	126,900
Energy - Electricity	1,792,000	(149,358)	1,642,642	1,291,658	350,984
Total custodial services	7,216,847	(184,412)	7,032,435	6,410,824	621,611
Care & upkeep of grounds:					
Salaries	389,385		389,385	359,409	29,976
Cleaning, repair and maintenance services	92,500	2,457	94,957	86,067	8,890
General supplies	97,500	(20,790)	76,710	73,877	2,833
Total care & upkeep of grounds	579,385	(18,333)	561,052	519,353	41,699

Piscataway Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Security					
Salaries	\$ 430,725		\$ 430,725	\$ 416,106	\$ 14,619
Purchased professional and technical services	189,006	\$ (3,361)	185,645	53,732	131,913
Cleaning, repair and maintenance services	10,000		10,000		10,000
General supplies	20,000		20,000	895	19,105
Other objects	10,000		10,000		10,000
Total Security	659,731	(3,361)	656,370	470,733	185,637
Student transportation services:					
Salaries for pupil transportation:					
Non instructional aides	11,000		11,000	7,140	3,860
Between home and school - regular	1,111,753	(15,002)	1,096,751	1,082,511	14,240
Between home and school - special	70,000	(42,055)	27,945	27,945	
Other than between home & school	60,000	13,804	73,804	73,804	
Between home and school - non public	25,000	(25,000)			
Other purchased professional services	600,000	(71,137)	528,863	528,515	348
Cleaning, repair and maintenance	350,000	25,000	375,000	373,418	1,582
Rental payment - school buses	20,000	(10,000)	10,000	9,906	94
Contracted services:					
Between home & school - regular	2,270,164	(117,937)	2,152,227	2,152,227	
Other between home & school - regular	363,045	27,554	390,599	121,206	269,393
Between home & school - jointures	100,000	(72,750)	27,250	27,250	
ESCs & CTSA's - regular ed	325,000	90,000	415,000	411,284	3,716
ESCs & CTSA's - special ed	800,000	387,000	1,187,000	1,185,756	1,244
Aid in lieu - nonpublic	130,000	88,248	218,248	217,248	1,000
Aid in lieu - charter	20,000	4,265	24,265	19,768	4,497
Travel	-	500	500		500
Miscellaneous purchased services	50,000	(500)	49,500	37,734	11,766
General Supplies	75,000	(6,416)	68,584	48,438	20,146
Transportation Supplies and materials	350,000	28	350,028	350,028	
Total student transportation services	6,755,962	250,602	7,006,564	6,674,178	332,386
Unallocated benefits:					
Social security contributions	1,450,000		1,450,000	1,313,307	136,693
Other retirement contributions - PERS	1,900,000	(128,500)	1,771,500	1,700,396	71,104
Worker's compensation	486,511		486,511	473,041	13,470
Health insurance	15,941,000	(1,156)	15,939,844	12,791,377	3,148,467
Tuition reimbursement	140,000	(10,000)	130,000	117,871	12,129
PSA tuition reimbursement		20,000	20,000		20,000
Other tuition reimbursement		20,000	20,000	822	19,178
Other employee benefits	325,000	(117,919)	207,081	204,684	2,397
Total unallocated benefits	20,242,511	(217,575)	20,024,936	16,601,498	3,423,438
On-behalf TPAF pension					
contributions (non-budgeted)				7,217,255	(7,217,255)
On-behalf TPAF Post-Retirement Medical					
contributions (non-budgeted)				4,661,472	(4,661,472)
On-behalf TPAF Long- Term Disability Insurance					
contributions (non-budgeted)				10,849	(10,849)
Reimbursed TPAF social security					
contributions (non-budgeted)				3,650,937	(3,650,937)
Total personal services: benefits	20,242,511	(217,575)	20,024,936	32,142,011	(12,117,075)
Interest deposit to maintenace reserve	6,000		6,000		6,000
Total undistributed expenditures	59,094,952	831,821	59,926,773	68,699,773	(8,773,001)
Total current expenditures	110,739,729	437,552	111,177,281	116,385,671	(5,208,391)

Piscataway Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Capital outlay:					
Equipment:					
Undistributed expenditures:					
Grades 6-8		\$ 5,211	\$ 5,211	\$ 5,211	
School-spons & other instruction program- Sp Ed		11,845	11,845	11,845	
Admin Info Tech	\$ 80,000		80,000	79,128	\$ 872
Required maint for school fac	68,920	45,991	114,911	112,991	1,920
Undistributed expenditure Security	60,000	19,041	79,041	65,525	13,516
School buses - regular	100,000	4,000	104,000	103,882	118
School buses - special	60,000		60,000	59,298	702
Business and other support services					
Total equipment	368,920	86,088	455,008	437,880	17,128
Facilities acquisition and construction services:					
Other objects - assessment of debt service	243,505		243,505	243,505	
Construction services	3,000,000	750,000	3,750,000	3,329,514	420,486
Total facilities acquisition and construction services	3,243,505	750,000	3,993,505	3,573,019	420,486
Interest deposit to capital reserve	15,000		15,000		15,000
Total expenditures - capital outlay	3,627,425	836,088	4,463,513	4,010,899	452,614
Transfer of funds to charter schools	306,584	22,391	328,975	328,975	
Total expenditures	114,673,738	1,296,031	115,969,769	120,725,545	(4,755,776)
(Deficiency) excess of revenues (under) over expenditures	(5,977,786)	(1,296,031)	(7,273,817)	4,015,559	11,289,376
Other financing (uses):					
Transfers out		(389,500)	(389,500)	(389,500)	
Total other financing (uses)		(389,500)	(389,500)	(389,500)	
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(5,977,786)	(1,685,531)	(7,663,317)	3,626,059	11,289,376
Fund balances, July 1	25,098,967		25,098,967	25,098,967	
Fund balances, June 30	\$ 19,121,181	\$ (1,685,531)	\$ 17,435,650	\$ 28,725,026	\$ 11,289,376
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (4,698,414)		\$ (4,698,414)	\$ 6,416,590	\$ 11,115,004
Withdrawal from capital reserve	(1,105,000)	\$ (1,139,500)	(2,244,500)	(2,244,500)	
Withdrawal from emergency reserve	(174,372)		(174,372)		174,372
Adjustment for prior year encumbrances		(546,031)	(546,031)	(546,031)	
Total	\$ (5,977,786)	\$ (1,685,531)	\$ (7,663,317)	\$ 3,626,059	\$ 11,289,376
Recapitulation of fund balance:					
Restricted for:					
Capital reserve				\$ 12,833,344	
Maintenance reserve				2,009,821	
Excess surplus - prior year				6,000,000	
Excess surplus - current year				4,935,583	
Assigned to:					
Year end encumbrances				676,712	
Unassigned fund balance				2,269,566	
				28,725,026	
Reconciliation to Government Funds Statements GAAP:					
Last two state aid payments not recognized on GAAP basis				(1,645,181)	
Solar Renewable Energy Credits (SREC) Income				1,194,644	
Fund balance per Government Funds (GAAP) (B-1)				\$ 28,274,489	

Piscataway Township School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
State sources	\$ 892,200	\$ 243,302	\$ 1,135,502	\$ 1,106,916	\$ (28,586)
Federal sources	2,418,107	573,155	2,991,262	2,854,050	(137,212)
Other sources		325,999	325,999	250,871	(75,128)
Total revenues	3,310,307	1,142,456	4,452,763	4,211,837	(240,926)
Expenditures:					
Current expenditures:					
Instruction:					
Salaries of teachers	319,290	74,731	394,021	394,021	
Other salaries for instruction	255,710	(193,462)	62,248	57,681	4,567
Purchased professional technical services		5,700	5,700	616	5,084
Purchased professional educational services	61,763	98,822	160,585	153,251	7,334
Tuition	1,603,107	118,432	1,721,539	1,721,539	
Travel		28,846	28,846	11,545	17,301
Supplies and materials		178,377	178,377	118,823	59,554
Miscellaneous Purchased Services		24,700	24,700		24,700
Total instruction	2,239,870	336,146	2,576,016	2,457,476	118,540
Support services:					
Salaries of other professional staff	58,237	4,200	62,437	61,150	1,287
Personal services—employee benefits		146,662	146,662	146,522	140
Purchased professional educational services	1,012,200	496,478	1,508,678	1,421,688	86,990
Other purchased professional services		16,982	16,982	711	16,271
Supplies and materials		103,752	103,752	98,775	4,977
Total support services	1,070,437	768,074	1,838,511	1,728,846	109,665
Capital outlay:					
Facilities acquisition and construction services:					
Instructional equipment		38,236	38,236	25,515	12,721
Total facilities acquisition and construction services		38,236	38,236	25,515	12,721
Total expenditures	3,310,307	1,142,456	4,452,763	4,211,837	240,926
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Piscataway Township School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2018

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 124,741,104	\$ 4,211,837
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current year		(1,030)
Prior year		698
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	1,544,581	44,220
Current year	(1,645,181)	(44,220)
Adjustment to record the value of Solar Renewable Energy Credits (SREC) income on the modified accrual basis	80,099	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	\$ 124,720,603	\$ 4,211,505
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 120,725,545	\$ 4,211,837
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year		698
Current year		(1,030)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 120,725,545	\$ 4,211,505

Supplementary Information

Special Revenue Fund

Piscataway Township School District
Special Revenue Fund

Combining Schedule of Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2018

	Title I		I.D.E.A.		Title II	Title III	Title III
	Regular	Part B	Part B	Part B	Part A	Regular	Immigrant
	Part A	Regular	Preschool	Preschool	Regular	Regular	Immigrant
Revenues:							
State sources							
Federal sources	\$ 658,765	\$ 1,842,466	\$ 43,370	\$ 43,370	\$ 152,145	\$ 95,046	\$ 20,721
Other sources							
Total revenues	\$ 658,765	\$ 1,842,466	\$ 43,370	\$ 43,370	\$ 152,145	\$ 95,046	\$ 20,721
Expenditures:							
Current expenditures:							
Instruction:							
Salaries of teachers	\$ 393,061						
Other salaries	55,213						
Tuition		\$ 1,678,169	\$ 43,370				
Purchased professional technical services					\$ 9,200		\$ 12,666
Purchased professional educational services							
Travel							
Supplies and materials	30,347					\$ 5,561	1,485
Total instruction	478,621	1,678,169	43,370	43,370	9,200	5,561	14,151
Support services:							
Salaries of other professional staff	1,713					58,237	
Personal services—employee benefits	128,103					18,345	
Purchased professional educational services		164,297			129,002	12,903	6,570
Other purchased professional services	711						
Supplies and materials	45,355				13,943		
Total support services	175,882	164,297	-	-	142,945	89,485	6,570
Capital outlay:							
Facilities acquisition and construction services:							
Instructional equipment	4,262						
Total facilities acquisition and construction services	4,262	-	-	-	-	-	-
Total expenditures	\$ 658,765	\$ 1,842,466	\$ 43,370	\$ 43,370	\$ 152,145	\$ 95,046	\$ 20,721

Piscataway Township School District
Special Revenue Fund

Combining Schedule of Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2018

	New Jersey Non-Public Aid									
	Comp Ed	ESL	Transportation	Exam & Class	Corrective Speech	Supplementary Instruction	Nursing	Technology Initiative	Text - books	Security
	Regular Program	Regular Program	Regular Program	Regular Program	Regular Program	Regular Program	Regular Program	Regular Program	Regular Program	Regular Program
Revenues:										
State sources	\$ 129,953	\$ 17,074	\$ 21,008	\$ 66,435	\$ 39,283	\$ 43,217	\$ 128,239	\$ 48,460	\$ 71,942	\$ 99,105
Federal sources										
Other sources										
Total revenues	<u>\$ 129,953</u>	<u>\$ 17,074</u>	<u>\$ 21,008</u>	<u>\$ 66,435</u>	<u>\$ 39,283</u>	<u>\$ 43,217</u>	<u>\$ 128,239</u>	<u>\$ 48,460</u>	<u>\$ 71,942</u>	<u>\$ 99,105</u>
Expenditures:										
Current expenditures:										
Instruction:										
Salaries of teachers										
Other salaries										
Tuition										
Purchased professional technical services										
Purchased professional educational services										
Travel										
Supplies and materials										
Total instruction										
Support services:										
Salaries of other professional staff										
Personal services—employee benefits										
Purchased professional educational services	\$ 129,953	\$ 17,074	\$ 21,008	\$ 66,435	\$ 39,283	\$ 43,217	\$ 128,239	\$ 48,460	\$ 71,942	\$ 99,105
Other purchased professional services										
Supplies and materials										
Total support services	<u>129,953</u>	<u>17,074</u>	<u>21,008</u>	<u>66,435</u>	<u>39,283</u>	<u>43,217</u>	<u>128,239</u>	<u>48,460</u>	<u>71,942</u>	<u>99,105</u>
Capital outlay:										
Facilities acquisition and construction services:										
Instructional equipment										
Total facilities acquisition and construction services										
Total expenditures	<u>\$ 129,953</u>	<u>\$ 17,074</u>	<u>\$ 21,008</u>	<u>\$ 66,435</u>	<u>\$ 39,283</u>	<u>\$ 43,217</u>	<u>\$ 128,239</u>	<u>\$ 48,460</u>	<u>\$ 71,942</u>	<u>\$ 99,105</u>

Piscataway Township School District
Special Revenue Fund

Combining Schedule of Revenues and Expenditures

Budgetary Basis

Year ended June 30, 2018

	Carl Perkins	Temporary Emergency Impact Aid for Displaced Students	Preschool Education Aid	Local Programs	Totals
Revenues:					
State sources			\$ 442,200		\$ 1,106,916
Federal sources	\$ 37,287	\$ 4,250			2,854,050
Other sources				\$ 250,871	250,871
Total revenues	\$ 37,287	\$ 4,250	\$ 442,200	\$ 250,871	\$ 4,211,837
Expenditures:					
Current expenditures:					
Instruction:					
Salaries of teachers	\$ 960				394,021
Other salaries				\$ 2,468	57,681
Tuition					1,721,539
Purchased professional technical services				616	616
Purchased professional educational services				131,385	153,251
Travel				11,545	11,545
Supplies and materials	30,246			51,184	118,823
Total instruction	31,206			197,198	2,457,476
Support services:					
Salaries of other professional staff	1,200				61,150
Personal services—employee benefits	74				146,522
Purchased professional educational services	2,000		\$ 442,200		1,421,688
Other purchased professional services					711
Supplies and materials		\$ 4,250		35,227	98,775
Total support services	3,274	4,250	442,200	35,227	1,728,846
Capital outlay:					
Facilities acquisition and construction services:					
Instructional equipment	2,807			18,446	25,515
Total facilities acquisition and construction services	2,807	-	-	18,446	25,515
Total expenditures	\$ 37,287	\$ 4,250	\$ 442,200	\$ 250,871	\$ 4,211,837

Piscataway Township School District
Special Revenue Fund

Schedule of Preschool Education Aid Expenditures
Preschool - All Programs
Budgetary Basis

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES:					
Support services:					
Purchased Professional Educational Services - Contracted Pre-K	\$ 442,200		\$ 442,200	\$ 442,200	
Total support services	<u>442,200</u>		<u>442,200</u>	<u>442,200</u>	
Total Expenditures	<u>\$ 442,200</u>	\$ -	<u>\$ 442,200</u>	<u>\$ 442,200</u>	<u>\$ -</u>

Calculation of Budget and Carryover

Total revised 2017-18 Preschool Education Aid Allocation	\$ 442,200
Add: Actual ECPA/Preschool Education Aid Carryover June 30, 2017	<u>-</u>
Total Preschool Education Aid Funds Available for 2017-18 Budget	442,200
Less: 2017-18 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>442,200</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018	-
 Add: June 30, 2018 Unexpended Preschool Education Aid 2017-18 Carryover - Preschool Education Aid/Preschool	 <u>\$ -</u>
 2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs 2018-19	 <u>\$ -</u>

Capital Projects Fund

Piscataway Township School District
 Capital Projects Fund
 Summary Schedule of Project Revenues, Expenditures,
 Project Balance and Project Status
 (Budgetary Basis)
 Year ended June 30, 2018

Revenues and other financing sources	
State Sources - SDA Grant	\$ -
Total revenues	<u>-</u>
Expenditures and Other Financing Uses	
Construction and professional technical services	\$ 1,560,849
Total expenditures	<u>1,560,849</u>
(Deficiency) of revenues (under) expenditures	<u>(1,560,849)</u>
Other Financing sources	
Transfers in	<u>389,500</u>
Total other financing sources	389,500
(Deficiency) of revenues (under) expenditures and other financing sources	(1,171,349)
Fund Balance, July 1	<u>3,530,931</u>
Fund Balance, June 30	<u><u>\$ 2,359,582</u></u>
Fund balance, budgetary-basis	\$ 2,359,582
Less difference in grant revenue recognized	(692,352)
Fund balance, GAAP-basis	<u><u>\$ 1,667,230</u></u>

Piscataway Township School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 (Budgetary Basis)

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 2,381,226	\$ -	\$ 2,381,226	\$ 2,381,226
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	<u>4,228,228</u>	<u>389,500</u>	<u>4,617,728</u>	<u>4,617,728</u>
Total revenues	<u>6,609,454</u>	<u>389,500</u>	<u>6,998,954</u>	<u>\$ 6,998,954</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services		240,293	240,293	
Land and improvements				
Construction services	3,078,523	1,320,556	4,399,079	
Equipment				
Total expenditures	<u>3,078,523</u>	<u>1,560,849</u>	<u>4,639,372</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,530,931</u>	<u>\$ (1,171,349)</u>	<u>\$ 2,359,582</u>	

Piscataway Township School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 (Budgetary Basis)
 High School Security & Locks
 From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	\$ 73,646		\$ 73,646	\$ 73,646
Total revenues	<u>73,646</u>	<u>-</u>	<u>73,646</u>	<u>\$ 73,646</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	42,840		42,840	
Equipment				
Total expenditures	<u>42,840</u>	<u>-</u>	<u>42,840</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 30,806</u>	<u>\$ -</u>	<u>\$ 30,806</u>	
Additional project information				
Project number				N/A
Grant date				N/A
Bond authorization date				N/A
Bonds Authorized				N/A
Bonds Issued				N/A
Original Authorized Cost	\$ 73,646			
Additional Authorized Cost				
Revised Authorized Cost	\$ 73,646			
Percentage Decrease over Original Authorized Cost				0.00%
Percentage completion				100.00%
Original target completion date				N/A
Revised target completion date				December 2017

Piscataway Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Roof Replacement: Fellowship Farms

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 245,696	\$ -	\$ 245,696	\$ 245,696
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	435,084		435,084	435,084
Total revenues	<u>680,780</u>	<u>-</u>	<u>680,780</u>	<u>\$ 680,780</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	614,239		614,239	
Equipment				
Total expenditures	<u>614,239</u>	<u>-</u>	<u>614,239</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 66,541</u>	<u>\$ -</u>	<u>\$ 66,541</u>	

Additional project information

Project number	4130-X01-13-1023
Grant date	4/14/2016
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 680,780
Additional Authorized Cost	
Revised Authorized Cost	\$ 680,780
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	100.00%
Original target completion date	N/A
Revised target completion date	December 2017

Piscataway Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Upgrade HVAC Controls: Piscataway High School

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 65,784	\$ -	\$ 65,784	\$ 65,784
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	100,680		100,680	100,680
Total revenues	<u>166,464</u>	<u>-</u>	<u>166,464</u>	<u>\$ 166,464</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	164,459		164,459	
Equipment				
Total expenditures	<u>164,459</u>	<u>-</u>	<u>164,459</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,005</u>	<u>\$ -</u>	<u>\$ 2,005</u>	

Additional project information

Project number	4130-050-13-2027
Grant date	4/14/2016
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 167,800
Additional Authorized Cost	(1,336)
Revised Authorized Cost	\$ 166,464
Percentage Increase over Original Authorized Cost	-0.80%
Percentage completion	100.00%
Original target completion date	N/A
Revised target completion date	December 2017

Piscataway Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

HVAC Renovations: Conackamack Middle School

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 109,080	\$ -	\$ 109,080	\$ 109,080
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	178,620		178,620	178,620
Total revenues	<u>287,700</u>	<u>-</u>	<u>287,700</u>	<u>\$ 287,700</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	282,371		282,371	
Equipment				
Total expenditures	<u>282,371</u>	<u>-</u>	<u>282,371</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,329</u>	<u>\$ -</u>	<u>\$ 5,329</u>	

Additional project information

Project number	4130-053-13-1004
Grant date	4/14/2016
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 272,700
Additional Authorized Cost	15,000
Revised Authorized Cost	\$ 287,700
Percentage Increase over Original Authorized Cost	5.50%
Percentage completion	100.00%
Original target completion date	N/A
Revised target completion date	December 2017

Piscataway Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

HVAC Renovations: Arbor Elementary School

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 20,490	\$ -	\$ 20,490	\$ 20,490
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	58,290		58,290	58,290
Total revenues	<u>78,780</u>	<u>-</u>	<u>78,780</u>	<u>\$ 78,780</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	51,226		51,226	
Equipment				
Total expenditures	<u>51,226</u>	<u>-</u>	<u>51,226</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 27,554</u>	<u>\$ -</u>	<u>\$ 27,554</u>	

Additional project information

Project number	4130-060-13-1008
Grant date	4/14/2016
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 97,150
Additional Authorized Cost	(18,370)
Revised Authorized Cost	\$ 78,780
Percentage Increase over Original Authorized Cost	-18.91%
Percentage completion	100.00%
Original target completion date	N/A
Revised target completion date	December 2017

Piscataway Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

HVAC Renovations: Eisenhower Elementary School

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 31,910	\$ -	\$ 31,910	\$ 31,910
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	174,330		174,330	174,330
Total revenues	<u>206,240</u>	<u>-</u>	<u>206,240</u>	<u>\$ 206,240</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	79,776		79,776	
Equipment				
Total expenditures	<u>79,776</u>	<u>-</u>	<u>79,776</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 126,464</u>	<u>\$ -</u>	<u>\$ 126,464</u>	

Additional project information

Project number	4130-065-13-1011
Grant date	4/14/2016
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 290,550
Additional Authorized Cost	(84,310)
Revised Authorized Cost	\$ 206,240
Percentage Increase over Original Authorized Cost	-29.02%
Percentage completion	100.00%
Original target completion date	N/A
Revised target completion date	December 2017

Piscataway Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

HVAC Renovations: Grandview Elementary School

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 52,490	\$ -	\$ 52,490	\$ 52,490
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	116,940		116,940	116,940
Total revenues	<u>169,430</u>	<u>-</u>	<u>169,430</u>	<u>\$ 169,430</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	131,226		131,226	
Equipment				
Total expenditures	<u>131,226</u>	<u>-</u>	<u>131,226</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 38,204</u>	<u>\$ -</u>	<u>\$ 38,204</u>	

Additional project information

Project number	4130-080-13-2012
Grant date	4/14/2016
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 194,900
Additional Authorized Cost	(25,470)
Revised Authorized Cost	\$ 169,430
Percentage Increase over Original Authorized Cost	-13.07%
Percentage completion	100.00%
Original target completion date	N/A
Revised target completion date	December 2017

Piscataway Township School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 (Budgetary Basis)
 HVAC Renovations: Knollwood Elementary School
 From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 47,730	\$ -	\$ 47,730	\$ 47,730
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	111,090		111,090	111,090
Total revenues	<u>158,820</u>	<u>-</u>	<u>158,820</u>	<u>\$ 158,820</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	119,326		119,326	
Equipment				
Total expenditures	<u>119,326</u>	<u>-</u>	<u>119,326</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 39,494</u>	<u>\$ -</u>	<u>\$ 39,494</u>	

Additional project information

Project number	4130-100-13-2018
Grant date	4/14/2016
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 185,150
Additional Authorized Cost	(26,330)
Revised Authorized Cost	\$ 158,820
Percentage Increase over Original Authorized Cost	-14.22%
Percentage completion	100.00%
Original target completion date	N/A
Revised target completion date	December 2017

Piscataway Township School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 (Budgetary Basis)
 HVAC Renovations: Martin Luther King Elementary School
 From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 31,710	\$ -	\$ 31,710	\$ 31,710
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	169,530		169,530	169,530
Total revenues	<u>201,240</u>	<u>-</u>	<u>201,240</u>	<u>\$ 201,240</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	79,276		79,276	
Equipment				
Total expenditures	<u>79,276</u>	<u>-</u>	<u>79,276</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 121,964</u>	<u>\$ -</u>	<u>\$ 121,964</u>	

Additional project information

Project number	4130-105-13-1019
Grant date	4/14/2016
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 282,550
Additional Authorized Cost	(81,310)
Revised Authorized Cost	\$ 201,240
Percentage Increase over Original Authorized Cost	-28.78%
Percentage completion	100.00%
Original target completion date	N/A
Revised target completion date	December 2017

Piscataway Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

HVAC Renovations: Randolphville Elementary School

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 52,690	\$ -	\$ 52,690	\$ 52,690
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	104,550		104,550	104,550
Total revenues	<u>157,240</u>	<u>-</u>	<u>157,240</u>	<u>\$ 157,240</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	131,724		131,724	
Equipment				
Total expenditures	<u>131,724</u>	<u>-</u>	<u>131,724</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 25,516</u>	<u>\$ -</u>	<u>\$ 25,516</u>	

Additional project information

Project number	4130-120-13-1022
Grant date	4/14/2016
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 174,250
Additional Authorized Cost	(17,010)
Revised Authorized Cost	\$ 157,240
Percentage Increase over Original Authorized Cost	-9.76%
Percentage completion	100.00%
Original target completion date	N/A
Revised target completion date	December 2017

Piscataway Township School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 (Budgetary Basis)
 Replace Chillers: Piscataway High School
 From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 309,048	\$ -	\$ 309,048	\$ 309,048
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	583,572		583,572	583,572
Total revenues	<u>892,620</u>	<u>-</u>	<u>892,620</u>	<u>\$ 892,620</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	886,754		886,754	
Equipment				
Total expenditures	<u>886,754</u>	<u>-</u>	<u>886,754</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,866</u>	<u>\$ -</u>	<u>\$ 5,866</u>	

Additional project information

Project number	4130-050-14-1028
Grant date	4/14/2016
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 772,620
Additional Authorized Cost	120,000
Revised Authorized Cost	\$ 892,620
Percentage Increase over Original Authorized Cost	15.53%
Percentage completion	100.00%
Original target completion date	N/A
Revised target completion date	December 2017

Piscataway Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Replacement of Exterior Metal Panels: Piscataway High School

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 616,800	\$ -	\$ 616,800	\$ 616,800
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	925,200		925,200	925,200
Total revenues	<u>1,542,000</u>	<u>-</u>	<u>1,542,000</u>	<u>\$ 1,542,000</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	28,035		28,035	
Equipment				
Total expenditures	<u>28,035</u>	<u>-</u>	<u>28,035</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,513,965</u>	<u>\$ -</u>	<u>\$ 1,513,965</u>	

Additional project information

Project number	4130-050-13-2026
Grant date	4/14/2016
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,542,000
Additional Authorized Cost	
Revised Authorized Cost	\$ 1,542,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	1.82%
Original target completion date	N/A
Revised target completion date	December 2018

Piscataway Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Pre-Development Costs: Grandview Elementary School

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	\$ -	\$ 205,000	\$ 205,000	\$ 205,000
Total revenues	<u>-</u>	<u>205,000</u>	<u>205,000</u>	<u>\$ 205,000</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services		96,548	96,548	
Land and improvements				
Construction services				
Equipment				
Total expenditures	<u>-</u>	<u>96,548</u>	<u>96,548</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 108,452</u>	<u>\$ 108,452</u>	

Additional project information

Project number	N/A
Grant date	N/A
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 205,000
Additional Authorized Cost	
Revised Authorized Cost	\$ 205,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	47.10%
Original target completion date	N/A
Revised target completion date	December 2018

Piscataway Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Predevelopment Costs: Piscataway High School

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	\$ -	\$ 184,500	\$ 184,500	\$ 184,500
Total revenues	<u>-</u>	<u>184,500</u>	<u>184,500</u>	<u>\$ 184,500</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services		143,745	143,745	
Land and improvements				
Construction services			-	
Equipment				
Total expenditures	<u>-</u>	<u>143,745</u>	<u>143,745</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 40,755</u>	<u>\$ 40,755</u>	

Additional project information

Project number	N/A
Grant date	N/A
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 184,500
Additional Authorized Cost	
Revised Authorized Cost	\$ 184,500
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	77.91%
Original target completion date	N/A
Revised target completion date	December 2018

Piscataway Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)
Bathroom ADA Renovations: Piscataway High School
From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 662,200	\$ -	\$ 662,200	\$ 662,200
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	993,300		993,300	993,300
Total revenues	<u>1,655,500</u>	<u>-</u>	<u>1,655,500</u>	<u>\$ 1,655,500</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	128,277	1,320,556	1,448,833	
Equipment				
Total expenditures	<u>128,277</u>	<u>1,320,556</u>	<u>1,448,833</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,527,223</u>	<u>\$ (1,320,556)</u>	<u>\$ 206,667</u>	

Additional project information

Project number	4130-050-13-2002
Grant date	7/28/2016
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,655,500
Additional Authorized Cost	
Revised Authorized Cost	\$ 1,655,500
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	87.52%
Original target completion date	N/A
Revised target completion date	December 2018

Piscataway Township School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 (Budgetary Basis)
 Security and Communications System Upgrade: High School
 From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 135,598	\$ -	\$ 135,598	\$ 135,598
Note proceeds and transfers				
Contribution from Private sources				
Transfer from capital reserve	203,396		203,396	203,396
Total revenues	<u>338,994</u>	<u>-</u>	<u>338,994</u>	<u>\$ 338,994</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	338,994		338,994	
Equipment				
Total expenditures	<u>338,994</u>	<u>-</u>	<u>338,994</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Additional project information

Project number	NA
Grant date	NA
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 387,500
Additional Authorized Cost	(48,506)
Revised Authorized Cost	\$ 338,994
Percentage Increase over Original Authorized Cost	100.00%
Percentage completion	0.00%
Original target completion date	N/A
Revised target completion date	December 2017

Piscataway Township School District
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 (Budgetary Basis)
 June 30, 2018

Issue/Project Title	Appropriations	Expenditures to Date		Unexpended Balance
		Prior Years	Current Year	
High School Security & Locks	\$ 73,646	\$ 42,840		\$ 30,806
Roof Replacement: Fellowship Farms	680,780	614,239		66,541
Upgrade HVAC Controls: Piscataway High School	166,464	164,459		2,005
HVAC Renovations: Conackamack Middle School	287,700	282,371		5,329
HVAC Renovations: Arbor Elementary School	78,780	51,226		27,554
HVAC Renovations: Eisenhower Elementary School	206,240	79,776		126,464
HVAC Renovations: Grandview Elementary School	169,430	131,226		38,204
HVAC Renovations: Knollwood Elementary School	158,820	119,326		39,494
HVAC Renovations: Martin Luther King Elementary School	201,240	79,276		121,964
HVAC Renovations: Randolphville Elementary School	157,240	131,724		25,516
Replace Chillers: Piscataway High School	892,620	886,754		5,866
Replacement of Exterior Metal Panels: Piscataway High School	1,542,000	28,035		1,513,965
Pre-Development Costs: Grandview Elementary School	205,000		\$ 96,548	108,452
Predevelopment Costs: Piscataway High School	184,500		143,745	40,755
Bathroom ADA Renovations: Piscataway High School	1,655,500	128,277	1,320,556	206,667
Security and Communications System Upgrade: High School	338,994	338,994		
	<u>\$ 6,998,954</u>	<u>\$ 3,078,523</u>	<u>\$ 1,560,849</u>	<u>\$ 2,359,582</u>

Fiduciary Funds

Piscataway Township School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

Year ended June 30, 2018

	Trust			Agency			
	Private- Purpose Scholarship Funds	Unemployment Compensation	Total Trust	Student Activity	Bond and Interest	Payroll	Total Agency
Assets							
Cash and cash equivalents	\$ 24,504	\$ 1,765,893	\$ 1,790,397	\$ 347,984	\$ 51,612	\$ 9,543	\$ 409,139
Total assets	<u>24,504</u>	<u>1,765,893</u>	<u>1,790,397</u>	<u>\$ 347,984</u>	<u>\$ 51,612</u>	<u>\$ 9,543</u>	<u>\$ 409,139</u>
Liabilities							
Payroll deductions payable						\$ 9,543	\$ 9,543
Accounts payable		\$ 4,218	\$ 4,218		\$ 51,612		51,612
Due to student groups				\$ 347,984			347,984
Total liabilities				<u>\$ 347,984</u>	<u>\$ 51,612</u>	<u>\$ 9,543</u>	<u>\$ 409,139</u>
Net position							
Held in trust for unemployment claims		1,761,675	1,761,675				
Held in trust for scholarships	\$ 24,504		24,504				
Total net position	<u>\$ 24,504</u>	<u>\$ 1,761,675</u>	<u>\$ 1,786,179</u>				

Piscataway Township School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2018

	Private- Purpose Scholarship Funds	Unemployment Compensation	Totals
Additions:			
Interest income	\$ 105	\$ 5,277	\$ 5,382
Contributions	1,495	156,557	158,052
Total additions	<u>1,600</u>	<u>161,834</u>	<u>163,434</u>
Deductions:			
Scholarship payments	3,375		3,375
Unemployment claims paid		153,903	153,903
Total deductions	<u>3,375</u>	<u>153,903</u>	<u>157,278</u>
Change in net position	(1,775)	7,931	6,156
Net position, beginning	26,279	1,753,744	1,780,023
Net position, ending	<u>\$ 24,504</u>	<u>\$ 1,761,675</u>	<u>\$ 1,786,179</u>

Piscataway Township School District
Student Activity Agency Fund

Statement of Cash Receipts and Cash Disbursements

Year ended June 30, 2018

	Balance			Balance
	July	Cash	Cash	June
	1, 2017	Receipts	Disbursements	30, 2018
Assets:				
Cash and cash equivalents				
Student Activity Fund	\$ 368,057	\$ 998,809	\$ 1,018,882	\$ 347,984
Total assets	\$ 368,057	\$ 998,809	\$ 1,018,882	\$ 347,984
Liabilities:				
Due to student groups				
Student Activity Fund	\$ 368,057	\$ 998,809	\$ 1,018,882	\$ 347,984
Total liabilities	\$ 368,057	\$ 998,809	\$ 1,018,882	\$ 347,984

Piscataway Township School District
Payroll Agency Fund

Statement of Cash Receipts and Cash Disbursements

Year ended June 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Assets				
Cash and cash equivalents	\$ 10,617	\$68,655,060	\$ 68,656,134	\$ 9,543
Total assets	<u>\$ 10,617</u>	<u>\$68,655,060</u>	<u>\$ 68,656,134</u>	<u>\$ 9,543</u>
Liabilities				
Payroll deductions payable	\$ 10,617	\$68,655,060	\$ 68,656,134	\$ 9,543
Total liabilities	<u>\$ 10,617</u>	<u>\$68,655,060</u>	<u>\$ 68,656,134</u>	<u>\$ 9,543</u>

Piscataway Township School District
Bond and Interest Agency Fund

Statement of Cash Receipts and Cash Disbursements

Year ended June 30, 2018

	Balance July 1, 2017	Cash Receipts	Balance June 30, 2018
Assets			
Cash and cash equivalents	\$ 51,360	\$ 252	\$ 51,612
Total assets	<u>\$ 51,360</u>	<u>\$ 252</u>	<u>\$ 51,612</u>
Liabilities			
Accounts payable	\$ 51,360	\$ 252	\$ 51,612
Total liabilities	<u>\$ 51,360</u>	<u>\$ 252</u>	<u>\$ 51,612</u>

Long-Term Debt

Piscataway Township School District
 Long-Term Debt

Schedule of Serial Bonds Payable

June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2017	Retired	Balance June 30, 2018
			Date	Amount				
Refunding Bonds	8/15/2011	\$ 27,280,000	8/15/2018	\$ 3,005,000	3.00 - 4.00 %	\$ 19,365,000	\$ 2,875,000	\$16,490,000
			8/15/2019	3,145,000	3.00 - 5.00			
			8/15/2020	3,315,000	2.50 - 5.00			
			8/15/2021	3,450,000	2.75 - 5.00			
			8/15/2022	3,575,000	3.00 - 5.00			
						<u>\$ 19,365,000</u>	<u>\$ 2,875,000</u>	<u>\$16,490,000</u>

Piscataway Township School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 3,592,375		\$ 3,592,375	\$ 3,592,375	
Total revenues	<u>3,592,375</u>		<u>3,592,375</u>	<u>3,592,375</u>	
Expenditures:					
Principal on bonds	2,875,000		2,875,000	2,875,000	
Interest on bonds	717,375		717,375	717,375	
Total expenditures	<u>3,592,375</u>		<u>3,592,375</u>	<u>3,592,375</u>	
Excess of revenues over expenditures					
Fund balance, July 1					
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section (Unaudited)

Other Information

**Statistical Section
Unaudited**

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

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

Piscataway Township School District
Net Position by Component
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 28,228,426	\$ 28,198,700	\$ 31,456,738	\$ 32,762,787	\$ 39,725,755	\$ 39,279,317	\$ 43,578,893	\$ 47,368,890	\$ 50,418,186	\$ 54,954,567
Restricted	6,708,590	7,321,081	9,179,425	8,288,243	9,150,815	14,489,314	13,624,731	18,054,248	24,710,558	27,445,978
Unrestricted (deficit)	254,420	367,286	1,425,411	1,697,656	1,471,112	(34,485)	(29,739,991)	(29,523,581)	(34,632,570)	(36,196,509)
Total governmental activities net position	<u>\$ 35,191,436</u>	<u>\$ 35,887,067</u>	<u>\$ 42,061,574</u>	<u>\$ 42,748,686</u>	<u>\$ 50,347,682</u>	<u>\$ 53,734,146</u>	<u>\$ 27,463,633</u>	<u>\$ 35,899,557</u>	<u>\$ 40,496,174</u>	<u>\$ 46,204,036</u>
Business-type activities										
Net investment in capital assets	\$ 547,443	\$ 442,029	\$ 291,576	\$ 161,558	\$ 104,945	\$ 197,740	\$ 349,293	\$ 277,806	\$ 216,642	\$ 176,295
Unrestricted	1,029,583	886,660	898,181	1,450,891	1,992,178	3,123,809	3,838,372	3,816,947	3,900,313	4,019,418
Total business-type activities net position	<u>\$ 1,577,026</u>	<u>\$ 1,328,689</u>	<u>\$ 1,189,757</u>	<u>\$ 1,612,449</u>	<u>\$ 2,097,123</u>	<u>\$ 3,321,549</u>	<u>\$ 4,187,665</u>	<u>\$ 4,094,753</u>	<u>\$ 4,116,955</u>	<u>\$ 4,195,713</u>
District-wide										
Net investment in capital assets	\$ 28,775,869	\$ 28,640,729	\$ 31,748,314	\$ 32,924,345	\$ 39,830,700	\$ 39,477,057	\$ 43,928,186	\$ 47,646,696	\$ 50,634,828	\$ 55,130,862
Restricted	6,708,590	7,321,081	9,179,425	8,288,243	9,150,815	14,489,314	13,624,731	18,054,248	24,710,558	27,445,978
Unrestricted (deficit)	1,284,003	1,253,946	2,323,592	3,148,547	3,463,290	3,089,324	(25,901,619)	(25,706,634)	(30,732,257)	(32,177,091)
Total district net position	<u>\$ 36,768,462</u>	<u>\$ 37,215,756</u>	<u>\$ 43,251,331</u>	<u>\$ 44,361,135</u>	<u>\$ 52,444,805</u>	<u>\$ 57,055,695</u>	<u>\$ 31,651,298</u>	<u>\$ 39,994,310</u>	<u>\$ 44,613,129</u>	<u>\$ 50,399,749</u>

Source: CAFR Schedule A-1 and District records.

Note: The significant increases in 2006 and 2013 in governmental activities net position, net investment in capital assets is the result of the increase in construction in progress for ongoing capital projects.

Notes: GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$31,810,285. This amount is not reflected in the June 30, 2014 Net Position, above.

Piscataway Township School District
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction	\$ 63,489,998	\$ 64,923,571	\$ 62,003,904	\$ 66,804,688	\$ 65,703,718	\$ 68,779,098	\$ 77,321,991	\$ 79,833,314	\$ 89,968,357	\$ 93,192,588
Support services:										
Attendance/social work	319,532	324,692	297,537	389,436	386,990	386,649	413,128	349,747	395,547	446,750
Health services	1,013,238	1,054,626	1,115,912	1,228,077	1,107,455	1,130,834	1,364,664	1,305,701	1,711,586	1,732,288
Other support services	9,660,503	10,362,999	9,878,738	11,044,283	10,532,024	11,073,440	12,502,593	13,014,264	14,532,158	15,288,999
Improvement of instruction	2,390,790	2,233,277	1,975,003	2,028,453	1,727,319	2,443,075	2,859,447	3,242,545	3,374,490	4,527,558
Instructional staff training	65,927	8,157	19,428	34,678	23,696	28,802	40,621	24,087	15,643	15,308
School library	1,594,549	1,612,180	920,202	939,383	940,495	795,633	847,588	894,189	957,837	1,039,347
General administration	2,586,218	2,038,025	2,083,907	2,391,805	2,210,487	1,750,525	2,128,147	2,162,703	2,395,134	2,680,268
School administration	4,899,527	4,650,168	4,082,524	4,483,429	4,439,586	4,470,236	5,132,407	5,377,268	6,470,688	6,790,088
Central Services	1,345,970	1,463,236	1,127,166	1,254,987	1,317,738	1,320,438	1,638,412	1,652,159	1,839,812	1,881,095
Administrative Information Technology	1,209,759	1,267,336	1,287,976	1,314,406	1,431,895	1,332,345	1,476,401	1,578,090	1,700,568	1,544,286
Required maintenance	2,451,571	1,808,401	1,589,585	1,706,514	1,873,916	1,576,489	1,938,605	2,359,775	1,821,362	1,951,446
Operation of plant	9,313,674	9,574,611	9,359,065	9,176,467	8,734,717	9,762,472	10,519,322	10,255,675	12,190,650	12,612,858
Student transportation	5,107,523	5,669,244	5,420,574	5,340,628	5,575,060	5,582,896	6,402,215	6,895,374	7,506,675	8,037,774
Business and other support services and benefits										
Capital outlay										
Charter schools	12,818	13,240	62,234	66,686	125,255	260,360	197,860	243,654	295,494	328,975
Interest on debt	1,554,363	1,495,832	1,427,261	1,220,708	1,154,735	1,245,698	950,025	874,589	768,766	657,863
Total governmental activities	<u>107,015,960</u>	<u>108,499,595</u>	<u>102,651,016</u>	<u>109,424,628</u>	<u>107,285,086</u>	<u>111,938,990</u>	<u>125,733,426</u>	<u>130,063,134</u>	<u>145,944,767</u>	<u>152,727,491</u>
Business-type activities:										
Food service	2,300,060	2,912,286	2,983,876	3,056,902	2,946,234	3,324,079	3,137,286	3,286,061	3,721,154	3,583,663
Adult and Community Education	2,055,785	2,700,793	3,104,067	3,236,349	3,487,640	3,686,829	4,401,422	5,540,610	6,055,972	6,061,783
Total business-type activities expense	<u>4,355,845</u>	<u>5,613,079</u>	<u>6,087,943</u>	<u>6,293,251</u>	<u>6,433,874</u>	<u>7,010,908</u>	<u>7,538,708</u>	<u>8,826,671</u>	<u>9,777,126</u>	<u>9,645,446</u>
Total district expenses	<u>\$ 111,371,805</u>	<u>\$ 114,112,674</u>	<u>\$ 108,738,959</u>	<u>\$ 115,717,879</u>	<u>\$ 113,718,960</u>	<u>\$ 118,949,898</u>	<u>\$ 133,272,134</u>	<u>\$ 138,889,805</u>	<u>\$ 155,721,893</u>	<u>\$ 162,372,937</u>
Program Revenues										
Governmental activities:										
Charges for services - tuition and transportation	\$ 645,087	\$ 953,713	\$ 880,416	\$ 944,938	\$ 866,718	\$ 768,339	\$ 643,757	\$ 839,569	\$ 856,606	\$ 817,142
Operating grants and contributions	3,968,871	4,781,715	4,902,770	3,995,376	4,029,949	3,708,584	3,764,771	4,132,846	4,053,975	4,211,505
Capital grants and contributions	505,816	380,160	1,480,037	659,323	485,203		986,815	827,637	462,836	526,133
Total governmental activities program revenues	<u>5,119,774</u>	<u>6,115,588</u>	<u>7,263,223</u>	<u>5,599,637</u>	<u>5,381,870</u>	<u>4,476,923</u>	<u>5,395,343</u>	<u>5,800,052</u>	<u>5,373,417</u>	<u>5,554,780</u>
Business-type activities:										
Charges for services										
Food service	1,473,155	1,688,316	1,778,428	1,745,828	1,526,259	1,460,187	1,293,675	1,346,214	2,389,851	2,259,793
Adult and Community Education	2,286,935	2,678,152	2,963,287	3,551,369	4,086,372	4,939,284	5,298,893	5,491,128	6,007,406	6,017,375
Operating grants and contributions	889,050	1,120,706	1,170,997	1,266,860	1,305,917	1,302,461	1,340,201	1,302,126	1,389,213	1,430,710
Capital grants and contributions										
Total business type activities program revenues	<u>4,649,140</u>	<u>5,487,174</u>	<u>5,912,712</u>	<u>6,564,057</u>	<u>6,918,548</u>	<u>7,701,932</u>	<u>7,932,769</u>	<u>8,139,468</u>	<u>9,786,470</u>	<u>9,707,878</u>
Total district program revenues	<u>\$ 9,768,914</u>	<u>\$ 11,602,762</u>	<u>\$ 13,175,935</u>	<u>\$ 12,163,694</u>	<u>\$ 12,300,418</u>	<u>\$ 12,178,855</u>	<u>\$ 13,328,112</u>	<u>\$ 13,939,520</u>	<u>\$ 15,159,887</u>	<u>\$ 15,262,658</u>
Net (Expense)/Revenue										
Governmental activities	\$ (101,896,186)	\$ (102,384,007)	\$ (95,387,793)	\$ (103,824,991)	\$ (101,903,216)	\$ (107,462,067)	\$ (120,338,083)	\$ (124,263,082)	\$ (140,571,350)	\$ (147,172,711)
Business-type activities	293,295	(125,905)	(175,231)	270,806	484,674	691,024	394,061	(687,203)	9,344	62,432
Total district-wide net expense	<u>\$ (101,602,891)</u>	<u>\$ (102,509,912)</u>	<u>\$ (95,563,024)</u>	<u>\$ (103,554,185)</u>	<u>\$ (101,418,542)</u>	<u>\$ (106,771,043)</u>	<u>\$ (119,944,022)</u>	<u>\$ (124,950,285)</u>	<u>\$ (140,562,006)</u>	<u>\$ (147,110,279)</u>

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

	Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes	\$ 75,955,122	\$ 75,955,122	\$ 77,398,270	\$ 78,946,236	\$ 79,851,482	\$ 81,648,512	\$ 83,790,619	\$ 86,150,602	\$ 88,623,454	\$ 89,400,687
Taxes levied for debt service	3,107,584	3,073,095	3,165,921	2,682,684	3,454,719	3,468,813	3,541,625	3,525,880	3,569,675	3,592,375
Unrestricted grants and contributions	22,172,029	23,292,650	20,283,429	22,402,736	25,642,335	25,641,495	37,613,620	42,310,229	52,271,257	58,879,012
Investment earnings	230,349	116,259	48,820	12,753	18,898			296,015	300,695	639,884
Miscellaneous income	129,318	492,512	697,370	617,694	534,778	89,711	931,991	416,278	402,888	368,615
Transfers	471,850	150,000	(31,510)	(150,000)						
Premiums on bond issuances										
Total governmental activities	<u>102,066,252</u>	<u>103,079,638</u>	<u>101,562,300</u>	<u>104,512,103</u>	<u>109,502,212</u>	<u>110,848,531</u>	<u>125,877,855</u>	<u>132,699,004</u>	<u>145,167,969</u>	<u>152,880,573</u>
Business-type activities:										
Investment earnings	21,880	18,655	4,789	1,886						
Miscellaneous income	18,505	8,913				533,402	472,055	594,291	12,858	16,326
Transfers	(471,850)	(150,000)	31,510	150,000						
Total business-type activities	<u>(431,465)</u>	<u>(122,432)</u>	<u>36,299</u>	<u>151,886</u>	<u>-</u>	<u>533,402</u>	<u>472,055</u>	<u>594,291</u>	<u>12,858</u>	<u>16,326</u>
Total district-wide	<u>\$ 101,634,787</u>	<u>\$ 102,957,206</u>	<u>\$ 101,598,599</u>	<u>\$ 104,663,989</u>	<u>\$ 109,502,212</u>	<u>\$ 111,381,933</u>	<u>\$ 126,349,910</u>	<u>\$ 133,293,295</u>	<u>\$ 145,180,827</u>	<u>\$ 152,896,899</u>
Change in Net Position										
Governmental activities	\$ 170,066	\$ 695,631	\$ 6,174,507	\$ 687,112	\$ 7,598,996	\$ 3,386,464	\$ 5,539,772	\$ 8,435,922	\$ 4,596,619	\$ 5,707,862
Business-type activities	(138,170)	(248,337)	(138,932)	422,692	484,674	1,224,426	866,116	(92,912)	22,202	78,758
Total district	<u>\$ 31,896</u>	<u>\$ 447,294</u>	<u>\$ 6,035,575</u>	<u>\$ 1,109,804</u>	<u>\$ 8,083,670</u>	<u>\$ 4,610,890</u>	<u>\$ 6,405,888</u>	<u>\$ 8,343,010</u>	<u>\$ 4,618,821</u>	<u>\$ 5,786,620</u>

Source: CAFR Schedule A-2 and District records.

Note: GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

Piscataway Township School District
Fund Balances - Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
Unaudited

	June, 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,647,221	\$ 758,931								
Restricted			\$ 189,286	\$ 189,286	\$ 2,855,345	\$ 7,963,374	\$ 13,070,314	\$ 15,148,489	\$ 22,398,112	\$ 25,778,748
Assigned			3,149,897	2,973,382	3,226,887	1,578,004	840,473	1,235,982	546,031	676,712
Unreserved	2,835,976	2,587,914								
Unassigned			496,763	1,074,418	467,339	798,369	630,402	1,904,116	1,724,788	1,819,029
Total general fund	<u>\$ 4,483,197</u>	<u>\$ 3,346,845</u>	<u>\$ 3,339,183</u>	<u>\$ 4,237,086</u>	<u>\$ 6,549,571</u>	<u>\$ 10,339,747</u>	<u>\$ 14,541,189</u>	<u>\$ 18,288,587</u>	<u>\$ 24,668,931</u>	<u>\$ 28,274,489</u>
All Other Governmental Funds										
Reserved reported in:										
Capital projects fund		\$ 2,360,045								
Restricted reported in:										
Capital projects fund			\$ 4,169,643	\$ 12,117,881	\$ 7,195,591	\$ 3,866,408	\$ 554,417	\$ 3,252,915	\$ 2,312,446	\$ 1,667,230
Debt service fund			822	33,120	33,120	33,120	33,120			
Unreserved (deficit), reported in:										
Special revenue fund	\$ (44,220)	(44,220)								
Capital projects fund	3,984,655	2,128,496								
Debt service fund	18,854	821								
Unassigned (deficit), reported in:										
Special revenue fund			(44,220)	(44,220)	(44,220)	(44,220)	(44,220)	(44,220)	(44,220)	(44,220)
Total all other governmental funds	<u>\$ 3,959,289</u>	<u>\$ 2,085,097</u>	<u>\$ 4,170,465</u>	<u>\$ 12,106,781</u>	<u>\$ 7,184,491</u>	<u>\$ 3,855,308</u>	<u>\$ 543,317</u>	<u>\$ 3,208,695</u>	<u>\$ 2,268,226</u>	<u>\$ 1,623,010</u>

Source: CAFR Schedule B-1 and District records.

Note 1: GASB #54 was implemented in the 2011 fiscal year, which required the presentations of fund balances to be reported in different classifications from those presented in prior years. Prior years have not been restated above and are not required to be.

Note 2: The deficits in the special revenue fund are the result of the last state aid payments being deferred until the subsequent fiscal year. See notes to the basic financial statements for additional information.

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

	(modified accrual basis of accounting)									
	Unaudited									
	Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Local sources:										
Local tax levy	\$ 79,062,706	\$ 79,028,217	\$ 80,564,191	\$ 81,628,920	\$ 83,306,201	\$ 85,117,325	\$ 87,332,244	\$ 89,676,482	\$ 92,193,129	\$ 92,993,062
Transportation	445,668	549,957	543,042	275,071	274,235	363,671	430,554	496,367	447,735	437,238
Tuition charges	199,419	403,756	337,374	669,867	592,483	404,668	213,203	343,202	408,871	379,904
Investment income	213,309	116,259	48,820	12,753	18,898			296,015	300,695	639,884
Miscellaneous	702,036	701,614	825,031	973,400	649,013	214,095	481,673	580,045	605,226	619,154
Total local sources	80,623,138	80,799,803	82,318,458	83,560,011	84,840,830	86,099,759	88,457,674	91,392,111	93,955,656	95,069,242
State sources	23,319,746	22,846,261	22,072,190	23,670,800	26,886,948	26,333,181	28,306,728	30,516,255	31,579,819	35,037,463
Federal sources	2,754,252	5,399,162	4,466,385	3,030,929	3,156,304	2,892,514	2,873,396	3,181,211	2,864,366	2,943,911
Other										
Total revenue	106,697,136	109,045,226	108,857,033	110,261,740	114,884,082	115,325,454	119,637,798	125,089,577	128,399,841	133,050,616
Expenditures										
Current										
Instruction	43,797,786	44,836,130	44,231,144	44,953,844	46,440,754	47,820,196	48,416,513	48,811,527	49,340,453	50,144,073
Undistributed - current										
Instruction	3,119,400	1,975,680	1,625,882	1,502,034	1,211,916	1,306,489	1,155,472	1,243,140	1,418,931	1,677,482
Attendance/social work	226,959	226,171	212,657	259,050	271,308	264,650	251,914	207,483	206,467	229,448
Health services	719,726	743,831	802,596	822,246	751,384	785,102	855,552	788,452	909,762	907,223
Other support services	7,599,697	7,923,643	7,675,185	8,145,728	7,967,371	8,314,309	8,333,412	8,509,262	8,593,868	8,931,894
Undistributed										
Improvement of instruction	1,799,976	1,677,111	1,518,930	1,688,180	1,432,142	1,746,766	1,850,147	1,982,236	1,831,024	2,531,767
Education media library	1,140,168	1,136,118	664,947	634,932	670,020	553,768	527,027	546,424	515,058	585,155
Other support: instructional staff	62,685	7,677	18,049	32,495	22,044	27,779	39,121	23,173	15,051	14,729
General administration	2,270,059	1,811,507	1,836,994	2,070,356	1,926,132	1,560,791	1,729,765	1,723,752	1,799,452	1,894,352
School administration	3,524,132	3,265,925	2,951,953	3,010,227	3,132,792	3,092,143	3,154,443	3,224,026	3,401,075	3,525,883
Central services	964,820	1,041,708	817,520	869,824	973,106	949,034	1,088,981	1,062,601	1,053,185	1,043,699
Administrative information technology	913,780	955,640	1,006,570	952,811	1,105,734	996,954	999,244	1,057,088	1,044,932	917,410
Required maintenance of plant services	1,945,438	1,450,059	1,297,575	1,333,486	1,534,453	1,254,364	1,475,018	1,659,224	1,821,362	1,951,446
Operation of plant	7,634,655	7,715,179	7,780,772	7,376,281	9,184,254	10,358,466	10,418,892	9,935,967	10,024,329	11,411,809
Student transportation	4,599,036	5,414,707	5,209,381	5,134,486	5,365,664	5,384,713	5,542,190	5,943,880	6,211,257	6,674,178
Unallocated benefits	14,390,785	18,028,030	16,998,903	17,453,199	14,255,809	15,923,313	17,038,018	14,817,771	16,289,735	16,601,498
On-behalf TPAF social security and pension contributions	6,174,521	6,414,494	6,393,770	7,702,707	9,561,537	8,623,799	9,659,124	11,678,010	13,140,117	15,540,513
Charter schools	12,818	13,240	62,234	66,686	125,255	260,360	197,860	243,654	295,494	328,975
Community services										
Capital outlay	4,655,188	2,050,730	4,702,774	2,896,085	8,107,493	3,344,076	2,474,029	2,256,726	1,478,739	1,586,365
Debt Service:										
Principal	1,615,000	1,630,000	1,750,000	1,290,000	2,270,000	2,380,000	2,540,000	2,635,000	2,740,000	2,875,000
Interest	1,578,344	1,528,145	1,457,504	1,260,385	1,184,719	1,088,813	1,001,625	924,000	829,675	717,375
Bond issuance costs				253,257						
Total expenditures	108,744,973	109,845,725	109,015,340	109,708,299	117,493,887	116,035,885	118,748,347	119,273,396	122,959,966	130,090,274
(Deficiency) excess of revenues (under) over expenditures	(2,047,837)	(800,499)	(158,307)	553,441	(2,609,805)	(710,431)	889,451	5,816,181	5,439,875	2,960,342
Other Financing sources (uses)										
Bonds Issued				27,280,000						
Premium on issuances				2,441,798						
Payment to escrow agent				(29,568,542)						
Capital lease				8,185,000						
Transfers in	3,371,956	2,149,772	2,130,879	2,012,389	2,700,439	1,171,550	2,920,930	4,012,210	30,000	389,500
Transfers out	(2,900,106)	(1,999,772)	(2,162,389)	(2,162,389)	(2,700,439)	(126)	(2,920,930)	(4,012,210)	(30,000)	(389,500)
Total other financing sources (uses)	471,850	150,000	(31,510)	8,188,256	-	1,171,424	-	-	-	-
Net change in fund balances	(1,575,987)	(650,499)	(189,817)	8,741,697	(2,609,805)	460,993	889,451	5,816,181	5,439,875	2,960,342
Fund balance, July 1, as restated	10,018,473	8,442,486	7,791,987	7,602,170	16,343,867	13,734,062	14,195,055	15,681,101	21,497,282	26,937,157
Fund balance, June 30	\$ 8,442,486	\$ 7,791,987	\$ 7,602,170	\$ 16,343,867	\$ 13,734,062	\$ 14,195,055	\$ 15,084,506	\$ 21,497,282	\$ 26,937,157	\$ 29,897,499
Debt service as a percentage of noncapital expenditures	3.07%	2.93%	3.07%	2.39%	3.16%	3.08%	3.05%	3.04%	2.94%	2.80%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.
 The beginning fiscal year 2016 fund balance was restated as a direct result of the implementation of Governmental Accounting Standards Board Statement No.72, Fair Measurement and Application.
 The 2015 investment balance on Solar Renewable Energy Certificates in the amount of \$596,595 was required by this new Standard to be recognized in fund balance.

Piscataway Township School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years

(modified accrual basis of accounting)
Unaudited

Year Ended June 30,	Insurance Proceeds	Tuition	Interest on Investments	Rentals	Prior Year Refunds	Investment Income	Miscellaneous	Transportation Fees	Annual Totals
2009		\$ 199,419	\$ 175,802		\$ 129,318			\$ 445,668	\$ 950,207
2010		403,756	92,621				\$ 492,512	549,957	1,538,846
2011		337,374	36,431		77,416		619,954	543,042	1,614,217
2012		669,867	8,724		187,355		430,339	275,071	1,571,356
2013		592,483	18,459				534,778	274,235	1,419,955
2014		404,668					89,585	363,671	857,924
2015		213,203					335,391	430,554	979,148
2016		343,202				\$ 296,015	120,263	496,367	1,255,847
2017	\$ 46,590	408,870	78,760	\$ 67,335	60,142	221,935	228,822	447,735	1,560,189
2018		379,904	297,777	69,128		342,107	299,487	437,238	1,825,641

Source: District records

Piscataway Township School District
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years

Unaudited

Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value*	Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable*	Total Direct School Tax Rate ^b
2009	\$ 34,668,700	\$ 1,447,655,600	\$ 3,273,800	\$ 160,200	\$ 161,932,300	\$ 449,835,500	\$ 93,946,900	\$ 2,191,473,000	\$ 840,942,900	\$ 7,361,671	\$ 2,198,834,671	\$ 3.595
2010	33,990,800	1,449,086,300	2,140,000	191,500	159,999,200	482,765,600	93,897,600	2,222,071,000	826,325,500	7,355,267	2,229,034,487	3.579
2011	32,197,500	1,451,405,950	1,609,000	150,900	149,871,900	458,436,700	99,063,300	2,192,735,250	827,893,100	7,362,448	2,198,116,829	3.690
2012	32,052,300	1,452,762,350	1,609,000	143,600	144,429,300	505,954,300	102,411,800	2,239,362,650	831,641,000	5,420,232	2,244,782,882	3.679
2013	32,008,000	1,477,940,450	1,447,300	143,600	140,251,800	483,830,900	106,538,200	2,242,160,250	699,603,890	4,808,948	2,246,969,198	3.744
2014	79,560,000	3,695,816,700	3,374,600	129,200	423,632,000	1,577,331,100	345,925,300	6,125,768,900	1,324,183,000	15,153,892	6,140,922,792	1.405
2015	85,606,900	3,722,461,100	2,286,500	93,500	442,449,200	1,536,938,600	346,285,500	6,136,121,300	1,336,250,000	18,525,988	6,154,647,288	1.438
2016	75,018,800	3,734,441,600	2,286,500	99,900	417,898,500	1,692,225,600	346,285,500	6,268,256,400	1,342,291,700	23,599,886	6,291,856,286	1.446
2017	73,447,500	3,746,125,500	2,286,500	101,400	418,102,300	1,683,626,300	345,533,100	6,269,222,600	1,348,391,100	23,747,010	6,292,969,610	1.479
2018	133,530,800	4,381,483,800	1,986,200	90,000	455,062,100	1,865,243,300	479,362,300	7,316,758,500	1,678,280,800	21,532,368	7,338,290,868	1.283

Source: District records, Tax list summary & Municipal Tax Assessor & Collector, abstract of ratables, County Board of Taxation.

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, Telegraph and Messenger System Companies.

b Tax rates are per \$100

* Revaluation was performed during 2014.

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

Unaudited

Year Ended June 30,	Piscataway Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Piscataway Township	Middlesex County	
2009	\$ 3.45	\$ 0.14	\$ 3.59	\$ 1.49	\$ 0.82	\$ 5.90
2010	3.43	0.15	3.58	1.50	0.91	5.98
2011	3.54	0.15	3.69	1.53	0.90	6.31
2012	3.52	0.16	3.68	1.67	0.96	6.31
2013	3.61	0.14	3.74	1.85	1.05	6.63
2014	1.35	0.06	1.41	0.71	0.39	2.51
2015	1.38	0.06	1.44	0.73	0.40	2.58
2016	1.39	0.06	1.45	0.74	0.43	2.62
2017	1.42	0.06	1.48	0.75	0.44	2.67
2018	1.23	0.05	1.28	0.66	0.37	2.31

Source: District Records and Municipal Tax Collector.

^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.

* Revaluation was performed during 2014.

Piscataway Township School District
Principal Property Tax Payers
Current Year and Nine Years Ago

Unaudited

	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Digital Piscataway, LLC	\$ 420,710,300	6.69%		
Whale Ventures, LLC	150,000,000	2.38%		
US Real Estate Holdings No 2 LTD	146,470,000	2.33%		
Pleasant View Gardens Owner LLC	114,200,000	1.81%		
Colgate Palmolive Co.	97,419,600	1.55%	\$ 23,400,000	1.68%
Royal Gardens Apts LLC	83,437,500	1.33%		
Home PropertiesWMF LLC			15,920,100	1.14%
H'Y2 Knightsbridge LLC	54,299,700	0.86%	42,750,000	3.07%
Centennial Square LLC	53,914,500	0.86%	26,161,400	1.88%
Aspen Court Ventures LLC	53,598,100	0.85%		
Carlton Club Apartments LLC	51,353,900		11,600,300	0.83%
Telcordia			46,272,000	3.32%
Western Union Int.			15,592,200	1.12%
Mariner One Centennial LLC			10,350,000	0.74%
Felcor Suites			8,760,000	0.63%
Cosmair Cosmetics			8,385,000	0.60%
Total	<u>\$ 1,225,403,600</u>	<u>18.66%</u>	<u>\$ 209,191,000</u>	<u>15.01%</u>

Source: District CAFR & Piscataway Municipal Tax Assessor.

* Revaluation was performed in 2014.

Piscataway Township School District
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Unaudited

Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 79,062,706	\$ 79,062,706	100.00%		\$ 79,062,706	100.00%
2010	79,028,217	79,028,217	100.00%		79,028,217	100.00%
2011	80,564,191	80,564,191	100.00%		80,564,191	100.00%
2012	81,628,920	81,628,920	100.00%		81,628,920	100.00%
2013	83,306,201	83,306,201	100.00%		83,306,201	100.00%
2014	85,117,325	85,117,325	100.00%		85,117,325	100.00%
2015	87,332,244	87,332,244	100.00%		87,332,244	100.00%
2016	89,676,482	89,676,482	100.00%		89,676,482	100.00%
2017	92,193,129	92,193,129	100.00%		92,193,129	100.00%
2018	92,993,062	92,993,062	100.00%		92,993,062	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 prior to the end of the school year.

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

Unaudited

Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases			
2009	\$ 34,662,000	\$ 1,965,000		\$ 36,627,000	1.53%	\$ 702.27
2010	34,152,000	845,000		34,997,000	1.40%	668.01
2011	33,247,000			33,247,000	1.29%	593.77
2012	31,930,000		\$ 8,185,000	40,115,000	1.51%	716.00
2013	29,660,000		6,583,501	36,243,501	1.26%	636.00
2014	27,280,000		4,967,650	32,247,650	1.06%	562.07
2015	24,740,000		3,331,946	28,071,946	0.96%	487.81
2016	22,105,000		1,676,145	23,781,145	0.79%	411.18
2017	19,365,000			19,365,000	0.62%	335.17
2018	16,490,000			16,490,000	0.51%	284.87

Source: District CAFR Schedules I-1, I-2 and District records.

Note: Details regarding the District's outstanding debt can be found in Note 5 to the basic financial statements.

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

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

Unaudited

General Bonded Debt Outstanding						
Year Ended June 30,	General Obligation Bonds	Net Unamortized Premium and Deferred Interest Costs	Resources Restricted for Repayment of Debt	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
2009	\$ 34,662,000		\$ 18,854	\$ 34,643,146	1.58%	\$ 664
2010	34,152,000		821	34,151,179	1.54%	652
2011	33,247,000		822	33,246,178	1.52%	594
2012	31,930,000	\$ 165,917	33,120	32,062,797	1.43%	569
2013	29,660,000	149,530	33,120	29,776,410	1.33%	523
2014	27,280,000	133,143	33,120	27,380,023	0.45%	477
2015	24,740,000	116,756	33,120	24,823,636	0.40%	431
2016	22,105,000			22,105,000	0.35%	382
2017	19,365,000			19,365,000	0.31%	335
2018	16,490,000			16,490,000	0.23%	285

Source:

a See J-6 for property tax data.

b Population data can be found in J-14.

Note: Details regarding the District's outstanding debt can be found in note 5 to the basic financial statements.

Piscataway Township School District
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2018

Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Piscataway	\$ 93,301,971	100.000%	\$ 93,301,971
Middlesex County General Obligation Debt - Township's share	476,938,580	6.751%	<u>32,200,031</u>
Subtotal, overlapping debt			125,502,002
Piscataway School District Direct Debt			<u>16,490,000</u>
Total direct and overlapping debt			<u><u>\$ 141,992,002</u></u>

Sources: 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 Piscataway. 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.

Piscataway Township School District
 Legal Debt Margin Information
 Last Ten Fiscal Years

Unaudited

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis

2016	\$	6,291,856,286
2017		6,292,969,610
2018		7,338,290,868
[A]	\$	19,923,116,764

Average equalized valuation of taxable property

[A/3]	\$	6,641,038,921
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Debt limit (4 % of average equalization value)

[B]		265,641,557
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Total Net Debt Applicable to Limit

[C]		16,490,000
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Legal debt margin

[B-C]	\$	249,151,557
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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 266,913,133	\$ 273,165,650	\$ 270,285,462	\$ 254,428,781	\$ 249,064,535	\$ 248,933,772	\$ 246,649,261	\$ 247,832,352	\$ 249,859,642	\$ 265,641,557
Total net debt applicable to limit	34,662,000	34,152,000	33,247,000	31,930,000	36,359,911	32,247,650	24,823,636	22,205,369	19,365,000	16,490,000
Legal debt margin	<u>\$ 232,251,133</u>	<u>\$ 239,013,650</u>	<u>\$ 237,038,462</u>	<u>\$ 222,498,781</u>	<u>\$ 212,704,624</u>	<u>\$ 216,686,122</u>	<u>\$ 221,825,625</u>	<u>\$ 225,626,983</u>	<u>\$ 230,494,642</u>	<u>\$ 249,151,557</u>
Total net debt applicable to the limit as a percentage of debt limit	12.99%	12.50%	12.30%	12.55%	14.60%	12.95%	10.06%	8.96%	7.75%	6.21%

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

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

Piscataway Township School District
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Unaudited

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2009	\$ 52,155	\$ 2,392,871,400	\$ 45,880	8.40%
2010	52,390	2,505,761,310	47,829	8.20%
2011	55,993	2,576,685,874	46,018	8.30%
2012	56,354	2,662,726,500	47,250	8.20%
2013	56,987	2,880,863,811	50,553	6.60%
2014	57,373	3,037,842,977	52,949	5.10%
2015	57,547	2,922,064,019	50,777	5.20%
2016	57,836	3,011,578,356	52,071	5.20%
2017	57,777	3,125,562,369	54,097	4.60%
2018	57,887	3,240,514,260	55,980	4.30%

Source:

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

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

^c Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

Piscataway Township School District
Principal Employers
Current Year and Nine Years Ago

Unaudited

Employer	2018			2009		
	# of Employees/ Employee Size Range	Rank [Optional]	Percentage of Total Municipal Employment	# of Employees/ Employee Size Range	Rank [Optional]	Percentage of Total Municipal Employment
University of Medicine and Dentistry	11,000			3,000		
Rutgers University				8,000		
GE Healthcare	3855-4000					
Telcordia	2500-2520			2,000		
Piscataway Township Schools	1460-1470			1,350		
Colgate-Palmolive Research Center	1,200					
Cosmair, Inc.				750		
Amersham Pharmacia Biotech, Inc.				600		
Anthem Health & Life Insurance Co.				550		
AT&T				500		
Institute Electrical & Electronics	1,118			500		
Johnson & Johnson Health Care	500-999			500		
L'Oreal USA Inc.	500-999					
Siemens Hearing Instruments	400-420			350		
Pepsi Cola Bottling Co.	370-380			460		
Township of Piscataway, Municipal	350-400					
Chanel Inc.	250-499			800		
Qualcare Inc.	250-499					
American Standard Co. Inc.	260-270					
Subex Technologies Inc.	250-499					
Walmart	220-230					
Shop Rite Supermarket	215-220			500		
Easy Link Service Corp.	110-260					
Western Union International Inc.				500		

Source: Township of Piscataway

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

Unaudited

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Instruction	601.0	613.0	620.0	626.0	621.0	625.0	617.5	611.5	608.1	601.9
Support Services:										
Attendance/social work	4.0	4.0	4.0	4.0	4.0	4.0	4.5	4.5	4.5	4.5
Health services	13.0	13.0	13.0	13.0	11.0	14.0	14.0	13.0	13.0	13.0
Other support services	39.0	35.0	35.0	35.0	45.0	37.0	40.0	42.5	41.0	43.6
Child study team	34.0	37.0	37.0	37.0	39.0	33.0	31.0	31.0	32.0	31.0
Improvement of instruction	14.6	14.6	14.6	14.6	14.6	15.0	14.5	17.0	19.0	22.2
School library	24.7	18.7	18.7	18.7	10.0	16.0	9.7	9.5	8.7	10.4
General administration	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
School administration	41.0	40.0	40.0	40.0	40.0	41.0	41.0	39.5	41.5	41.5
Operations and maintenance	73.0	61.0	61.0	61.0	64.0	67.0	76.5	75.0	78.5	77.5
Student transportation	47.0	53.0	32.0	34.0	34.0	34.0	34.0	36.0	32.4	31.8
Other support services - administrative and professional	29.0	25.0	25.0	25.0	25.0	22.0	30.0	35.0	38.8	41.8
Total	<u>925.3</u>	<u>919.3</u>	<u>905.3</u>	<u>913.3</u>	<u>912.6</u>	<u>913.0</u>	<u>917.7</u>	<u>919.5</u>	<u>922.5</u>	<u>924.2</u>

Source: District Personnel Records

Piscataway Township School District
 Operating Statistics
 Last Ten Fiscal Years

Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Intermediate	Middle	High School				
2009	7,049	\$ 100,896,441	\$ 14,314	-0.02%	601	1:13	1:12	1:11	1:13	7,199	6,893	0.49%	95.75%
2010	7,269	104,276,829	14,345	0.22%	613	1:15	1:13	1:13	1:14	7,263	7,103	0.89%	97.80%
2011	7,363	100,802,509	13,690	-4.57%	620	1:15	1:13	1:13	1:14	7,298	7,219	0.48%	98.92%
2012	7,394	104,008,572	14,067	2.75%	626	1:15	1:13	1:13	1:14	7,394	7,249	1.32%	98.04%
2013	7,367	105,931,675	14,379	2.22%	621	1:15	1:13	1:13	1:14	7,355	7,075	-0.53%	96.19%
2014	7,327	109,222,996	14,907	3.67%	625	1:15	1:13	1:13	1:14	7,321	7,079	-0.46%	96.69%
2015	7,308	112,732,693	15,426	3.48%	618	1:15	1:13	1:13	1:14	7,288	7,024	-0.45%	96.38%
2016	7,235	113,457,670	15,682	1.66%	612	1:15	1:13	1:13	1:14	7,232	6,981	-0.77%	96.53%
2017	7,259	117,911,552	16,243	3.58%	608	1:14	1:12	1:11	1:12	7,264	6,980	0.44%	96.09%
2018	7,110	124,894,810	17,566	8.14%	602	1:14	1:12	1:11	1:12	7,131	6,838	-1.83%	95.88%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

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

Piscataway Township School District
 School Building Information
 Last Ten Fiscal Years

Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
Elementary										
Arbor Elementary School (1961/2001)										
Square Feet	64,282	64,282	64,282	64,282	64,282	64,282	64,282	64,282	64,282	64,282
Capacity (students)	447	447	447	447	447	447	447	447	447	447
Enrollment	481	522	556	556	589	581	568	522	508	548
Eisenhower Elementary School (1968)										
Square Feet	67,190	67,190	67,190	67,190	67,190	67,190	67,190	67,190	67,190	67,190
Capacity (students)	480	480	480	480	480	480	480	480	480	480
Enrollment ^a	497	507	530	530	541	545	537	563	547	530
Grandview Elementary School (1953/1968/2002)										
Square Feet	40,664	40,664	40,664	40,664	40,664	40,664	40,664	40,664	40,664	40,664
Capacity (students)	451	451	451	451	451	451	451	451	451	451
Enrollment	599	593	610	610	622	788	777	770	747	738
M.L. King Elementary School (1969/2002)										
Square Feet	72,541	72,541	72,541	72,541	72,541	72,541	72,541	72,541	72,541	72,541
Capacity (students)	504	504	504	504	504	504	504	504	504	504
Enrollment	500	484	552	552	533	503	524	532	528	510
Knollwood Elementary School (1960/1992)										
Square Feet	60,493	60,493	60,493	60,493	60,493	60,493	60,493	60,493	60,493	60,493
Capacity (students)	333	333	333	333	333	333	333	333	333	333
Enrollment	521	499	500	500	501	505	495	494	505	492
Randolphville Elementary School (1961/1992)										
Square Feet	60,493	60,493	60,493	60,493	60,493	60,493	60,493	60,493	60,493	60,493
Capacity (students)	387	387	387	387	387	387	387	387	387	387
Enrollment	518	543	558	558	598	496	567	551	532	466
Middle Schools										
Conackamack Middle School (1964/2008)										
Square Feet	77,258	77,258	77,258	77,258	77,258	77,258	77,258	77,258	77,258	77,258
Capacity (students)	526	526	526	526	526	526	526	526	526	526
Enrollment	461	461	433	433	437	457	482	490	527	472
Quibbletown Middle School (1961/1994)										
Square Feet	107,733	107,733	107,733	107,733	107,733	107,733	107,733	107,733	107,733	107,733
Capacity (students)	631	631	631	631	631	631	631	631	631	631
Enrollment	575	568	578	578	564	555	577	562	541	513
T. Schor Middle School (1970/2006)										
Square Feet	96,301	96,301	96,301	96,301	96,301	96,301	96,301	96,301	96,301	96,301
Capacity (students)	616	616	616	616	616	616	616	616	616	616
Enrollment	512	550	606	606	611	605	613	583	579	569
High School										
Piscataway High School (1956/1972/2007)										
Square Feet	430,024	430,024	430,024	430,024	430,024	430,024	430,024	430,024	430,024	430,024
Capacity (students)	4,341	4,341	4,341	4,341	4,341	4,341	4,341	4,341	4,341	4,341
Enrollment	2,599	2,571	2,465	2,465	2,230	2,187	2,168	2,168	2,245	2,272
Other										
Maintenance Building (unknown)										
Square Feet	85,035	85,035	85,035	85,035	85,035	85,035	85,035	85,035	85,035	85,035
Central Administration (1949)										
Square Feet	36,440	36,440	36,440	36,440	36,440	36,440	36,440	36,440	36,440	36,440
Number of Schools at June 30, 2018										
Elementary = 6										
Middle School = 3										
Senior High School = 1										
Other = 2										

Source: District Facilities Office

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

Piscataway Township School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years

Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities*	Year ended June 30,									
	2018	2016	2016	2015	2014	2013	2012	2011	2010	2009
Arbor	\$ 91,698	\$ 158,300	\$ 147,629	\$ 53,696	\$ 101,661	\$ 22,469	\$ 120,452	\$ 117,208	\$ 130,982	\$ 175,729
Conackamack	135,146	161,019	112,556	67,609	123,684	19,571	95,922	93,339	104,308	139,942
Eisenhower	43,690	59,842	29,999	63,378	120,586	6,897	190,211	185,088	206,839	277,501
Grandview	94,065	147,803	124,274	81,185	76,398	17,370	64,911	63,163	70,586	94,700
High School	916,985	568,204	675,695	600,006	278,893	448,798	333,135	324,164	362,258	486,015
King	67,238	85,522	44,545	68,436	117,073	8,099	37,412	36,405	40,683	54,582
Knollwood	76,504	82,670	85,744	100,377	102,970	26,033	97,531	94,904	106,057	142,289
Quibbletown	183,851	218,992	166,470	144,284	97,987	22,719	63,100	61,401	68,616	92,057
Randolphville	133,208	106,345	91,275	108,150	102,970	20,593	58,707	57,126	63,839	88,331
Schor	97,586	182,486	94,989	52,371	67,520	18,035	159,740	155,438	173,704	235,729
Total School Facilities	1,839,971	1,771,183	1,573,176	1,339,492	1,189,742	610,584	1,221,122	1,188,237	1,327,872	1,786,875
Other Facilities-Fellowship Farms	111,475	50,179	76,354	108,737	64,622	6,510	112,364	109,338	122,187	158,563
Grand Total	<u>\$ 1,951,446</u>	<u>\$ 1,821,362</u>	<u>\$ 1,649,530</u>	<u>\$ 1,448,229</u>	<u>\$ 1,254,364</u>	<u>\$ 617,094</u>	<u>\$ 1,333,486</u>	<u>\$ 1,297,575</u>	<u>\$ 1,450,059</u>	<u>\$ 1,945,438</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 of required maintenance.

Piscataway Township School District
Insurance Schedule
Year ended June 30, 2018

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Property		
Real and Personal Property	\$ 271,290,016	\$ 5,000
Extra expense	50,000,000	5,000
Demolition/Increased cost of construction	10,000,000	
Flood (Special Flood)	20,000,000	500,000
Musical instruments	Included	
Miscellaneous equipment	Included	
EDP	1,000,000	
School Board Legal		
Limit of liability	11,000,000	15,000
Primary Umbrella		
Limit of liability	10,000,000	
Self-insured retention	none	
Catastrophe Access		
Limit of liability	50,000,000	
Environmental Impairment Liability		
Limit of liability - Each Loss	1,000,000	10,000
Limit of liability - Aggregate	1,000,000	

Source: District Records and Insurance Company.

Piscataway Township School District
Insurance Schedule
Year ended June 30, 2018

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Commercial Liability		
Bodily Injury & Property Damage - Each Occurrence	\$ 11,000,000	
Personal Injury/Advertising	11,000,000	
Medical Expense	10,000	
Employee Benefits Liability	11,000,000	
Business Auto		
Bodily Injury & Property Damage	11,000,000	
Personal Injury Protection	Statutory	
Medical Payments (PIP)	10,000	
Uninsured/Underinsured	1,000,000	
Comprehensive Deductible		\$ 1,000
Collision Deductible		1,000
Student Accident		
Limit of Liability	5,000,000	
Bonds		
Board Secretary/Business Administrator	455,000	
Workers Comp		
Part II - Limits of Liability	2,000,000	
Section "A"	Statutory	
Supplementary		1750 per week
Crime		
Money & Securities-inside	50,000	
Money & Securities-outside	50,000	
Employee Dishonesty	1,000,000	
Depositors Forgery	1,000,000	

Single Audit Section

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

Independent Auditors' Report

**The Honorable President and Members
of the Board of Education
Piscataway Township School District
County of Middlesex
Piscataway, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Piscataway Township School District's, in the County of Middlesex, 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 8, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of 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

**The Honorable President and Members
of the Board of Education
Piscataway Township School District**

Page 2

material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

February 8, 2019
Cranford, New Jersey



David J. Gannon
Licensed Public School Accountant
No. 2305

**Report on Compliance For Each Major Federal and State Program and
on Internal Control Over Compliance Required by the
Uniform Guidance and New Jersey OMB Circular 15-08**

Independent Auditors' Report

**The Honorable President and Members
of the Board of Education
Piscataway Township School District
County of Middlesex
Piscataway, New Jersey**

Report on Compliance for Each Major Program Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB 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 federal

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**The Honorable President and Members
of the Board of Education
Piscataway Township School District**

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and 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 qualified and unmodified opinions on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on State Award - Extraordinary Aid

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the extraordinary aid award as described in finding 2018-001 for allowable costs. Compliance with such requirement is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on State Award - Extraordinary Aid

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the extraordinary aid grant for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal and State Programs

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 other major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs 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 federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material

**The Honorable President and Members
of the Board of Education
Piscataway Township School District**

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weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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

PKF O'Connor Davies, LLP

February 8, 2019
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant
No. 2305

Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Award Amount	Grant Period		Balance at June 30, 2017	Cash Received	Budgetary Expenditures	Balance June 30, 2018		
				From	To				(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Health and Human Services											
Passed Through State Department of Education											
General Fund:											
Medical Assistance Program (SEMI)	93.778	1805NJ5MAP	\$ 89,861	7/1/2017	6/30/2018		\$ 89,861	\$ (89,861)			
Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	118,615	7/1/2016	6/30/2017	\$ (2,904)	2,904				
Total General Fund						(2,904)	92,765	(89,861)			
U.S. Department of Education—Passed-Through State Department of Education											
Special Revenue Fund:											
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A180030	734,434	7/1/2017	6/30/2018		400,936	(658,765)	\$ (257,829)		
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A170030	706,171	7/1/2016	6/30/2017	(189,032)	189,032				
Title I Subtotal:						(189,032)	589,968	(658,765)	(257,829)		
Title II A, Improving Teacher Quality State Grants	84.367A	S367A180029	168,987	7/1/2017	6/30/2018		94,979	(152,145)	(57,166)		
Title II A, Improving Teacher Quality State Grants	84.367A	S367A170029	138,260	7/1/2016	6/30/2017	(32,636)	32,636				
Title II Subtotal:						(32,636)	127,615	(152,145)	(57,166)		
Title III English Language Acquisition Grants	84.365A	S365A180030	97,500	7/1/2017	6/30/2018		58,237	(95,046)	(36,809)		
Title III English Language Acquisition Grants	84.365A	S365A170030	85,111	7/1/2016	6/30/2017	(24,300)	24,300				
Title III, Supplemental Immigrant Student Aid	84.365A	S365A180030	33,876	7/1/2017	6/30/2018		854	(20,721)	(19,867)		
Title III Subtotal:						(24,300)	83,391	(115,767)	(56,676)		
Special Education Cluster:											
IDEA Special Education Grants to States	84.027	S027A180100	1,866,790	7/1/2017	6/30/2018		1,404,463	(1,842,466)	(438,003)		
IDEA Special Education Grants to States	84.027	S027A170100	1,883,868	7/1/2016	6/30/2017	(363,275)	363,275				
IDEA Preschool Grants for Children with Disabilities	84.173	S173A180114	52,388	7/1/2017	6/30/2018		43,370	(43,370)			
IDEA Preschool Grants for Children with Disabilities	84.173	S173A170114	52,697	7/1/2016	6/30/2017	(10,393)	10,393				
Subtotal of Special Education Cluster:						(373,668)	1,821,501	(1,885,836)	(438,003)		
Carl D. Perkins Vocational Education	84.048	S048A180030	37,287	7/1/2017	6/30/2018		28,199	(37,287)	(9,088)		
Carl D. Perkins Vocational Education	84.048	S048A170030	36,262	7/1/2016	6/30/2017	(240)	240				
Carl D. Perkins Vocational Education Subtotal:						(240)	28,439	(37,287)	(9,088)		
Temporary Emergency Impact Aid for Displaced Students	84.938C	N/A	4,250	7/1/2017	6/30/2018			(4,250)	(4,250)		
Total Special Revenue Fund						(619,876)	2,650,914	(2,854,050)	(823,012)		
U.S. Department of Agriculture—Passed-Through State Department of Education											
Enterprise Fund:											
Child Nutrition Cluster:											
Food Donation Program (NC)	10.555	181NJ304N1099	187,083	7/1/2017	6/30/2018		187,083	(187,083)			
Food Donation Program (NC)	10.555	171NJ304N1099	199,564	7/1/2016	6/30/2017	424		(424)			
School Breakfast Program	10.553	181NJ304N1099	206,680	7/1/2017	6/30/2018		191,336	(206,680)	(15,344)		
School Breakfast Program	10.553	171NJ304N1099	196,136	7/1/2016	6/30/2017	(15,344)	15,344				
National School Lunch Program	10.555	181NJ304N1099	977,593	7/1/2017	6/30/2018		912,590	(977,593)	(65,003)		
National School Lunch Program	10.555	171NJ304N1099	934,712	7/1/2016	6/30/2017	(64,805)	64,805				
Healthy Hunger-Free Kids Act	10.555	181NJ304N1099	31,356	7/1/2017	6/30/2018		29,221	(31,356)	(2,135)		
Healthy Hunger-Free Kids Act	10.555	171NJ304N1099	31,394	7/1/2016	6/30/2017	(2,255)	2,255				
Subtotal Child Nutrition Cluster:						(81,980)	1,402,634	(1,403,136)	(82,482)		
Total Enterprise Fund						(81,980)	1,402,634	(1,403,136)	(82,482)		
Total Federal Awards						\$ (704,760)	\$ 4,146,313	\$ (4,347,047)	\$ (905,494)	\$ -	\$ -

NC - non-cash expenditures

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

Piscataway Township School District
 Schedule of Expenditures of State Financial Assistance
 Year ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June Unearned Rev. Due to Grantor (Accts Rec)	Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2018			Memo	
			From	To						Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education														
<i>General Fund:</i>														
Special Education Cateoretical Aid	495-034-5120-089	\$ 4,407.101	7/1/2017	6/30/2018			\$ 3,978,242	\$ (4,407.101)					\$ (428,859)	\$ (4,407.101)
Special Education Cateoretical Aid	495-034-5120-089	4,407.101	7/1/2016	6/30/2017	\$ (427,820)		427,820							
Cateoretical Transportation Aid	495-034-5120-014	580,045	7/1/2017	6/30/2018			523,600	(580,045)					(56,445)	(580,045)
Cateoretical Transportation Aid	495-034-5120-014	580,045	7/1/2016	6/30/2017	(56,308)		56,308							
Equalization Aid	495-034-5120-078	10,682,561	7/1/2017	6/30/2018			9,643,030	(10,682,561)					(1,039,531)	(10,682,561)
Equalization Aid	495-034-5120-078	9,687,325	7/1/2016	6/30/2017	(940,398)		940,398							
Security Aid	495-034-5120-084	613,955	7/1/2017	6/30/2018			554,210	(613,955)					(59,745)	(613,955)
Security Aid	495-034-5120-084	613,955	7/1/2016	6/30/2017	(59,600)		59,600							
Educational Adequacy Aid	495-034-5120-083	403,614	7/1/2017	6/30/2018			364,338	(403,614)					(39,276)	(403,614)
Educational Adequacy Aid	495-034-5120-083	403,614	7/1/2016	6/30/2017	(39,181)		39,181							
PARCC Readiness Aid	495-034-5120-098	73,450	7/1/2017	6/30/2018			66,303	(73,450)					(7,147)	(73,450)
PARCC Readiness Aid	495-034-5120-098	73,450	7/1/2016	6/30/2017	(7,130)		7,130							
Per Pupil Growth Aid	495-034-5120-097	73,450	7/1/2017	6/30/2018			66,303	(73,450)					(7,147)	(73,450)
Per Pupil Growth Aid	495-034-5120-097	73,450	7/1/2016	6/30/2017	(7,130)		7,130							
Professional Learning Community Aid	495-034-5120-101	72,250	7/1/2017	6/30/2018			65,219	(72,250)					(7,031)	(72,250)
Professional Learning Community Aid	495-034-5120-101	72,250	7/1/2016	6/30/2017	(7,014)		7,014							
Extraordinary Aid	100-034-5120-473	968,259	7/1/2017	6/30/2018							\$ (972,023)			(972,023)
Extraordinary Aid	100-034-5120-473	937,710	7/1/2016	6/30/2017	(937,710)		937,710							
Additional NP Transportation Aid	Not Available	86,052	7/1/2017	6/30/2018				(86,052)					(86,052)	(86,052)
Additional NP Transportation Aid	Not Available	46,256	7/1/2016	6/30/2017	(46,256)		46,256							
Reimbursed TPAF - Social Security	495-034-5094-003	3,650,937	7/1/2017	6/30/2018			3,472,400	(3,650,937)					(178,537)	(3,650,937)
Reimbursed TPAF - Social Security	495-034-5094-003	3,533,255	7/1/2016	6/30/2017	(175,278)		175,278							
On-behalf TPAF Contributions														
Pension Benefit Contribution	495-034-5094-002	7,217,255	7/1/2017	6/30/2018			7,217,255	(7,217,255)						(7,217,255)
Post-Retirement Medical Contribution	495-034-5094-001	4,661,472	7/1/2017	6/30/2018			4,661,472	(4,661,472)						(4,661,472)
Long-Term Disability Insurance Contributions	495-034-5094-004	10,849	7/1/2017	6/30/2018			10,849	(10,849)						(10,849)
Total General Fund					(2,703,825)		33,327,046	(33,505,014)				(1,236,612)	(1,645,181)	(33,505,014)
<i>Special Revenue Fund:</i>														
Preschool Education Aid	495-034-5120-086	442,200	7/1/2017	6/30/2018			397,980	(442,200)						(44,220)
Preschool Education Aid	495-034-5120-086	442,200	7/1/2016	6/30/2017	(44,220)		44,220							(44,220)
<i>New Jersey Non-Public Aid:</i>														
Nursing Aid	100-034-5120-070	132,114	7/1/2017	6/30/2018			132,114	(128,239)			\$ 3,875			(128,239)
Nursing Aid	100-034-5120-070	122,940	7/1/2016	6/30/2017	14,102				\$ (14,102)					
Textbook Aid	100-034-5120-064	74,227	7/1/2017	6/30/2018			74,227	(71,942)					2,285	(71,942)
Textbook Aid	100-034-5120-064	76,834	7/1/2016	6/30/2017	2,354				(2,354)					
Technology Initiative	100-034-5120-070	50,135	7/1/2017	6/30/2018			50,135	(48,460)					1,675	(48,460)
Technology Initiative	100-034-5120-070	33,858	7/1/2016	6/30/2017	800				(800)					
Security Aid	100-034-5120-509	102,150	7/1/2017	6/30/2018			102,150	(99,105)					3,045	(99,105)
Security Aid	100-034-5120-509	68,300	7/1/2016	6/30/2017	6,026				(6,026)					
<i>Non Public Auxiliary Services (Ch. 192):</i>														
Home Instruction		881	7/1/2016	6/30/2017	(881)		881							
English as a Second Language		17,074	7/1/2017	6/30/2018			17,074	(17,074)						(17,074)
Compensatory Education		129,953	7/1/2017	6/30/2018			129,953	(129,953)						(129,953)
Transportation	100-034-5120-068	21,008	7/1/2017	6/30/2018			21,008	(21,008)						(21,008)
<i>Non Public Handicapped Services (Ch. 193):</i>														
Supplemental Instruction		43,217	7/1/2017	6/30/2018			43,217	(43,217)						(43,217)
Examination and Classification		77,891	7/1/2017	6/30/2018			77,891	(66,435)				11,456		(66,435)
Examination and Classification		81,404	7/1/2016	6/30/2017	11,337				(11,337)					
Corrective Speech		45,533	7/1/2017	6/30/2018			45,533	(39,283)					6,250	(39,283)
Total Special Revenue Fund					(10,482)		1,136,383	(1,106,916)	(34,619)			-	28,586	(44,220)
<i>Capital Projects Fund:</i>														
NJ Schools Development Authority	2940-045-02-	3,231,257	7/1/2002	Completion	(2,244,156)		231,384	(526,133)				(2,538,905)		(2,770,289)
Total Capital Projects Fund					(2,244,156)		231,384	(526,133)				(2,538,905)		(2,770,289)
State Department of Agriculture														
<i>Enterprise Fund:</i>														
State School Lunch Program (State share)	100-010-3360-067	27,574	7/1/2017	6/30/2018			25,699	(27,574)				(1,875)		(27,574)
State School Lunch Program (State share)	100-010-3360-067	27,713	7/1/2016	6/30/2017	(4,376)		4,376							
Total Enterprise Fund					(4,376)		30,075	(27,574)				(1,875)		(27,574)
Total State Awards					\$ (4,962,839)		\$ 34,724,888	\$ (35,165,637)	\$ (34,619)			\$ (3,777,392)	\$ 28,586	\$ (1,689,401)
State Financial Assistance Not Subject to Single Audit Determination:														
<i>General Fund:</i>														
On-behalf TPAF Contributions														
Pension Benefit Contribution	495-034-5094-006	7,217,255	7/1/2017	6/30/2018			(7,217,255)	7,217,255						7,217,255
Post-Retirement Medical Contribution	495-034-5094-001	4,661,472	7/1/2017	6/30/2018			(4,661,472)	4,661,472						4,661,472
Long-Term Disability Insurance Contributions	495-034-5094-004	10,849	7/1/2017	6/30/2018			(10,849)	10,849						10,849
Total State Financial Assistance Subject to Single Audit Determination					\$ (4,962,839)		\$ 22,835,312	\$ (23,276,061)	\$ (34,619)			\$ (3,777,392)	\$ 28,586	\$ (1,689,401)

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

Piscataway Township School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2018

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all of all federal awards and state financial assistance programs of the District. The Board of Education is defined in Note 1 to the board'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, are included on the schedules of expenditures of federal awards and state financial assistance.

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 enterprise funds, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These basis of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

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

Piscataway Township School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2018

3. Relationship to Basic Financial Statements (Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$100,600) for the general fund and (\$332) for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$89,861	\$33,404,414	\$33,494,275
Special Revenue Fund	2,854,050	1,106,916	3,960,966
Capital Projects Fund		526,133	526,133
Food Service Enterprise Fund	1,403,136	27,574	1,430,710
Total financial award revenues	<u>\$4,347,047</u>	<u>\$35,065,037</u>	<u>\$39,412,084</u>

Piscataway Township School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2018

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.

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2018.

The post-retirement pension, medical and disability insurance benefits received on behalf of the District for the year ended June 30, 2018 amounted to \$11,889,576. Since on-behalf post retirement pension, medical and disability insurance benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Indirect Costs

The District did not use the 10% de minimis indirect cost rate.

Piscataway Township School District
Schedule of Findings and Questioned Costs (continued)
Year ended June 30, 2018

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

Financial Statements Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	_____	Yes	_____ <u>X</u> _____	No
Are any significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	None Reported
Is any noncompliance material to financial statements noted?	_____	Yes	_____ <u>X</u> _____	No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified?	_____	Yes	_____ <u>X</u> _____	No
Are any significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	None Reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes _____ X _____ No

Identification of major programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
10.555	181NJ304N1099	Child Nutrition Cluster:
10.555	181NJ304N1099	Food Donation Program
10.555	181NJ304N1099	National School Lunch Program
10.553	181NJ304N1099	Healthy Hunger-Free Kids Act
		School Breakfast Program

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

_____ \$750,000 _____

Piscataway Township School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

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

Auditee qualified as low-risk auditee? X Yes No

State Awards Section

Internal control over major state programs:

Are any material weaknesses identified? X Yes No

Are any significant deficiencies identified? Yes X None reported

Type of auditors' report issued on compliance for major state programs: Qualified

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

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5094-003	Reimbursed TPAF - Social Security
100-034-5120-473	Extraordinary Aid
2940-045-02-0798/0496	NJ Schools Development Authority

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

Auditee qualified as low-risk auditee? X Yes No

Piscataway Township School District
Schedule of Findings and Questioned Costs

Year ended June 30, 2018

Part II – Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

Piscataway Township School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

**Part III - Schedule of Federal and State Award Findings
and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

Federal Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

Piscataway Township School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

**Part III - Schedule of Federal and State Award Findings
and Questioned Costs**

Finding 2018-001 Allowable Costs - (Material Weakness)

State Programs

Extraordinary Aid

Grant #18-100-034-5120-473

New Jersey Department of Education

Criteria:

In accordance with the School Funding Reform Act of 2008, extraordinary aid is available to school districts with students that have high educational costs. To receive extraordinary aid, the District is required to submit an application listing the students that have high educational costs and have an individualized education program (IEP) that requires the provision of intensive services.

Extraordinary aid is awarded by the State of New Jersey to reimburse school districts for excessive special education costs to fulfill the needs of special education students. The amount of extraordinary aid is based on the placement of the student and the type of eligible cost. Eligible school districts are those where the cost of providing education for an individual student with a disability, who is provided at least one intensive service, exceeds the following maximum thresholds:

- If a special education student is educated in an in-district public school program with non-disabled peers, the district will receive aid based on 90% of the costs in excess of \$40,000;
- If a special education student is educated in a separate public school program for students with disabilities, the district will receive aid based on 75% of the costs in excess of \$40,000;
- Lastly, if a special education student is educated in a separate private school for students with disabilities the district will receive aid based on 75% of the costs in excess of \$55,000.

Piscataway Township School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

**Part III - Schedule of Federal and State Award Findings
and Questioned Costs**

Eligible cost are calculated in the following two ways:

- Actual costs for each class prorated by the number of students in each class;
- Using the certified tuition rates for the most recently completed year. If those certified tuition rates do not reasonably reflect the costs in the current year due to a significant difference in costs or number of students, the District may use the budgeted tuition rates from the current school year.

Condition:

The District received more extraordinary aid than it was entitled to, based on an unintentional overstatement of eligible costs. The District used an estimated tuition rate to calculate qualified classroom costs for in-district students. The 2016-2017 certified tuition rate was made available before the final extraordinary aid submission deadline of May 24, 2018 and should have been used to determine the eligible costs. Since the actual 2016-2017 certified tuition rates were less than the estimated rates utilized by the District in the aid application, costs were submitted on the application in excess of the amount permitted.

Cause:

Prior to the certified tuition rates being published each year in February, the District develops estimated tuition rates for internal use. When completing the application for Extraordinary Aid, the District utilized the estimated tuition rates in error instead of the 2016-2017 certified tuition rates.

Effect:

The difference between the actual 2016-2017 certified tuition rates and the District's estimated rates yielded an overstatement of extraordinary aid received by the District. Violations of grant requirements could lead to the return of funds. The conditions that attributed to this overstatement were isolated to the extraordinary aid award and do not impact any other federal awards or state financial assistance.

Piscataway Township School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

**Part III - Schedule of Federal and State Award Findings
and Questioned Costs**

Questioned Costs:

All of the in-district students listed on the extraordinary aid application were recalculated using the actual 2016-2017 certified tuition rates. Based on the revised calculation using actual 2016-2017 certified tuition rates in lieu of estimated rates, the eligible costs decreased by \$210,987. Of that amount, 90.00% is subject to aid prior to proration. The prorated percentage for 2017-2018 was 50.3148%, and therefore the overstatement attributed to known questioned costs was \$95,542.

Context:

During our testing of State awards, we reviewed the extraordinary aid application in order to determine if the expenditures were eligible. Our testing included confirmation of out of district tuition and examination of in-district classroom costs. The New Jersey Department of Education sets forth the required sample size, which in this case required the testing of 76% of the population, or 66 students. As a result of the errors noted, the sample size was expanded to include all of the students included on the District's application, which was 86 students.

Recommendation:

The District should enhance its internal controls over the review process of the extraordinary aid application to ensure that all costs included on the application for aid are for eligible costs.

Views of Responsible Official:

Management has reviewed the above finding and is in agreement. Management will address the above recommendation in a formal corrective action plan.

Piscataway Township School District
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2018

None.