

BOARD OF EDUCATION
OF THE
TOWNSHIP OF TABERNACLE
SCHOOL DISTRICT
TABERNACLE, NEW JERSEY

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

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INTRODUCTORY SECTION



TABERNAACLE SCHOOL DISTRICT

132 New Road, Tabernacle, NJ 08088

February 19, 2019

Honorable President and
Members of the Board of Education
Township of Tabernacle School District
County of Burlington, New Jersey

Dear Board of Education Members:

The Comprehensive Annual Financial Report of the Tabernacle Township School District for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, findings and questioned costs, is included in the single audit section of this report.

- 1. REPORTING ENTITY AND ITS SERVICES:** Tabernacle Township School district is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement 14. All funds of the District are included in this report. The Tabernacle Township Board of Education and its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels preschool disabilities through eight. These include regular education as well as special education for disabled children. The District's enrollment is 707 as of June 30, 2018. The following details the changes in the student enrollment of the District over the last ten years:

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www.tabschools.org

Fax: 609.268.6943



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AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>
2008/2009	896
2009/2010	873
2010/2011	870
2011/2012	828
2012/2013	819
2013/2014	797
2014/2015	763
2015/2016	770
2016/2017	709
2017/2018	720

The District is a constituent member of the Lenape Regional High School District. The District's students in grades 9-12 attend Seneca High School located in Tabernacle Township.

- ECONOMIC CONDITION AND OUTLOOK:** Tabernacle Township is a rural, residential community located in the southwestern portion of Burlington County. The Township is approximately 49.55 square miles and approximately twenty-six miles from Philadelphia. Wharton Tract covers 28.5% of the township's 30,489 acres. Tabernacle Township is located within the Pinelands Preservation area with development highly regulated. The estimated population for 2016 was 6,892 compared to 6,954 in 2015. The estimated population density in 2016 was 139.1 persons per square mile. The percent of school tax levy collected for 2018 was 100.0%. The unemployment rate for 2017 was 4.3%. The County of Burlington per capital personal income for 2016 was \$5,812.

- MAJOR INITIATIVES:**

Statewide and District Assessments: Students in grades K-8 are evaluated with the Measures of Academic Progress (MAP) in the areas of reading and mathematics. The MAP benchmark assessment is administered three times a year and is aligned to the Common Core State Standards (CCSS). Students in grades three through eighth were assessed using the Partnership for Assessment of Readiness for College and Careers (PARCC) for English Language Arts and Mathematics and, additionally, the New Jersey Assessment for Skills and Knowledge (NJ ASK) in grades fourth and eighth for Science. Students in fourth and eighth grades were assessed in language arts, mathematics, and science. Students in grades five and eight will be assessed in science.

Language Arts: The District utilizes a balanced literacy approach to ELA (English Language Arts) instruction. Teachers balance between teaching reading as a whole group (shared reading), small group (guided reading, literature circles), and independent reading (personal choice reading, reading

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conferences). Language and word acquisition utilizing phonemic awareness and word attack skills begins formally in kindergarten, utilizing Foundations. This continues through second grade. From third through sixth grade, students extend their knowledge of word meaning through Words Their Way. Words Their Way focuses on identifying word patterns and oddballs. Seventh and eighth grade students transition to learning vocabulary through Vocabulary Their Way. Students are taught vocabulary within context, use, and application.

Mathematics: This program is in use in kindergarten through fifth grade. The EnVision Math program targets student understanding and meets the individual needs of students through balanced and accurately paced lessons, printed lessons, printed materials, manipulatives, and technology integration. The Progressive Mathematics Initiative (PMI) is used for math instruction in grades six through eight. Select student groups in grades seven and eight continue to use the algebra and geometry texts and syllabi from the Lenape Regional High School District. All other eighth grade students are instructed through the use of PMI.

Science: The elementary school continues to use the McGraw Hill Science as a resource. The McGraw Hill Science program was supplemented with Carolina Biologic inquiry-based science kits. These hands on kits foster the cross-cutting conceptual knowledge demanded by the new, more rigorous standards. All topics were aligned with the recently revised Next Generation Science Standards (NGSS) and New Jersey Student Learning Standards (NJSLs) for Science. The program is modular and allows for flexibility of instructional topics within the middle school grade levels. It also has an extensive technology resource component for students and instructors. Middle school science instructors also have one of the technology labs organized with Virtual Investigations. The program includes virtual experiments and student online access to the textbook.

Social Studies: Grades K-2 utilize Nystrom to focus on community creation and map skills. Grades three and four utilize the Social Studies Alive! program. Grades Five through eight use the Discovery Education online tech book.

Technology: The Tabernacle Technology Department has revamped the entire student/teacher technology platform from a Microsoft Windows environment to an Apple OS in grades 4-8. Grades 2-3 are utilizing Chromebooks and K-1 are using iPads. Each device contains a standard load set where teacher and student laptops contain identical software suites (Microsoft Office Suite, Adobe Reader, Pages, Notes, Spreadsheets, iMovie, VLC Media Player, etc.). This way, the software compatibility between students and teachers are not a concern. The administration, business and school offices are on a Microsoft OS load set, running Windows 7 Enterprise and Microsoft Office Professional suites. To manage the Apple environment, the district is using, JAMF Suite, an MDM server that controls the software, configuration and security policy that each MacBook or iPad needs in the district. The Chromebooks are being managed but Google's admin console, which pushes all policies and configurations. This saves valuable time to our Technology Department so that we have more time to service our student, teacher and district needs.

Staff and students are all assigned an individual network and Google login with user created passwords. Network logins are controlled by a primary Microsoft Windows Active Directory Domain Controller.

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There is also a backup Active Directory and Domain Controller. Google's admin console controls all Google account and is cloud-based.

Our district's network consist of POE switches in several IDF closets throughout each buildings. Each IDF closet has a dedicated 1GB fiber connection back to the MDF. The two schools are interconnected by a private fiber with the middle school being the main distribution.

The school currently has a 1GB ISP connection in both directions. The school still utilizes a cable modem as a backup solution. The wireless network is controlled by 2 Rokus Zone directors that are setup for HA with redundancy. Numerous wireless networks are available to staff and students. All are password protected.

Each teacher has been assigned a 13 inch MacBook Air. In grades 5-8, each student has a MacBook Air 11 inch model bringing the middle school a true 1:1 laptop environment. These laptops are housed in combination locked charging carts, in designated home rooms. The middle school students pick up their assigned MacBook Air at the beginning of the day and return them at the end of the day. Grades 2-4, are also in a 1:1 environment. Grade 4 is 1:1 with Macbook Airs and grades 2-3 are 1:1 with chromebooks. Grades K-1 are using ipads with each classroom housing 10 total. Grades That totals 75 teacher MacBook Air 13 inch and 455 student MacBook Air 11 inch models. With our current inventory, we are able to perform state online assessments in a more timely and efficient matter. This is also true for, MAP, the district's online benchmark assessment.

Our district has a newly created TV studio. The studio consist of a Newtek mini-tricaster with 2 HD cameras, multiple green screens, desktop and boom mics, audio mixer, and mac minis for editing. The studio is used for daily announcements and other school related projects.

Each school houses a "maker" lab. The Imagineering lab at the middle school is equip with multiple desktop computers that are used for the future city program. Numerous building materials are available for students to create along with a laser engraver and a 3D printer. The Collaboratory at the elementary consist of similar devices and products. The building materials are geared toward the younger students.

All classrooms contain either a SmartBoard 800 series with a HD LED projector or the new 8 touch interactive flat SmartPanel 6000 Series 4K LED. The new Smart Panels contain HD quality sound for impressive audience attention. Most classrooms at both the middle and elementary schools contain a Sound Field or Front Row interactive sound system. This system not only assists our students with hearing concerns, but draws attention to the teacher from the student level as the teacher speaks into a wireless necklace type HD microphone. Depending on the model type, the sound is delivered through a speaker that is wall mounted or ceiling mounted. Hearing impaired students wear an ear peace to help aid their listening skills, as per their IEP or 504 plan.

Google Apps has been deployed across the district. All staff and students haven been assigned email addresses that are utilized as their Google Apps username. Email services that Google Apps offers is available for all staff. Students do have access to Google Drive, Sheets, Docs, Presentation, Sites, Photo

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and Sketch. These are subject to change depending on the demand of the lesson at hand. Many teachers use Google Classroom to interactively share assignments directly with students and parents.

Google Vault has been set into place for e-mail recovery and quality assurance purposes. A Domain Key Identified Mail (DKIM) has been deployed to help spam filters outside of our network to authenticate sent district email. This helps other spam filters know that our email is not spam and ensures recipient receives our outgoing district domain email.

Our district has upgraded to a fully cloud-based security camera system. All cameras are digital and connected to the network via IP. The video is stored in the cloud and are accessible by logging in with the proper credentials in any browser. The system allows for full mobility with the mobile app. Images are HD quality and the cameras feature tamper-proof features.

Our district wide HVAC system has been upgraded at all network, server and software levels. The new Metasys Climate Control Suite resides on a new virtual server that contains the space and processing power to run the middle and elementary school chillers, boilers, air handlers, temperature set points and humidity set points.

Our Business Office and Transportation Center run custom dedicated data base software that is also hosted on a virtual server. The Transportation Center utilizes the software title Buss Boss which provides custom routes for our buses for transportation. For purchase orders, budgeting, attendance and check printing, the Business Office utilizes the software title Systems 3000. Intuit QuickBooks Pro is used for student account activities.

Tabernacle has a redundant backup system. Daily backup of all servers are performed to another local server in another building and to the secure cloud based environment. This is part of the disaster recovery plan for technology.

Reading/Literature: Kindergarten through eighth grade continue to implement the use of authentic literature as one of the primary sources of instructional materials. The Tabernacle School District continues with a major literacy initiative to fully develop a well-balanced literacy program to include: 1.) a core literature component, 2.) guided reading, 3.) writer's workshop, 4.) personal choice reading, and 5.) vocabulary word study.

Staff Development: Staff development continues to be a District priority. Topics for presentations were based on curriculum changes, school objectives, and the District's local professional development plan. Tabernacle staff have professional development opportunities through in-service programs, Lenape Regional Consortium programs, Burlington County Curriculum Consortium programs, after-school courses, off-site professional workshops/conferences, in-house training sessions, and tuition reimbursement for college level graduate-level courses.

World Language: Each school has its own world language instructor. Each teacher has purchased a variety of resources based on the grade level they instruct. The elementary students use elementary level materials available like SALSA (NJ Department of Education) and the Spanish Alphabet Books

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(Zaner-Bloser Publishing Company). The Middle School Spanish classroom focuses on learning the language through comprehensible input and cooperative learning. Language instruction at the middle school is delivered utilizing resources associated with the Teaching Proficiency Through Reading and Storytelling (TPRS) method which allows students to learn a language using a more natural approach. The district will continue to purchase resources to enhance instruction. Select eighth grade students participate in the full year program using the text used by first year Spanish students in Seneca High School. The Spanish I students in 8th grade use !Avancemos! (Holt McDougal), ?Que tal? (Scholastic Spanish Magazine Series) and a Spanish class novel from TPRS Publishing, Inc.

Integrated Science Technology Engineering and Mathematics (iSTEM) Program: The school district has partnered with the College of New Jersey's Center for Excellence in iSTEM Education to successfully implement a best practice model of an integrated iSTEM program at the Kenneth R. Olson Middle School. The district is utilizing the Engineering by Design curriculum as a model for programming design challenges for students in 5th through 8th grades. The district continues to develop curriculum in the iSTEM program.

Report Cards: The school district completes its report cards electronically through the District's technology resources. There were no revisions to any elementary level report cards.

Special Education Services: The District strives to provide the least restrictive environment for its students. Approximately three quarters of the special needs students are in general education classrooms and receive their special education services through in-class support of the regular teacher assisted by a resource special education teacher. During the 2011/2012 school year the State of New Jersey Department of Education reviewed and approved the District's special education improvement plan. The District continues to meet with its Special Education Parent Advisory Group to review and improve services. This group also arranges speakers on various special educational topics for parent information sessions. The district provides preschool inclusive programming for students with disabilities and adopted the High Scope researched based early childhood curriculum, a NJDOE recognized evidenced based program.

District Information: Tabernacle students grades kindergarten through fourth, including an integrated preschool disabilities class, are housed in the Tabernacle Elementary School. Students in grades fifth through eighth are housed in the Kenneth R. Olson Middle School.

The district provides full day kindergarten programming for all Tabernacle resident students. Curriculum is based on the NJDOE recommended schedule of learning and activities for a model kindergarten full day program.

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

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

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

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

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

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

8. DEBT ADMINISTRATION: At June 30, 2018 the District's outstanding debt issues included \$3,880,000 of general obligation bonds.

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

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TABERNACLE SCHOOL DISTRICT

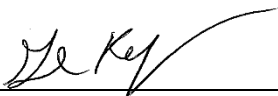
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10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The District is a member of the Burlington County Insurance Pool Joint Insurance Fund.

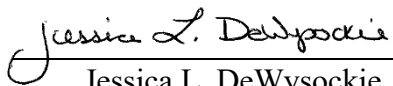
11. OTHER INFORMATION: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board of Education appointed the firm of Bowman & Company LLP as the District's auditors. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

ACKNOWLEDGMENTS: The Tabernacle School District would not experience its successes without the support of the administration, staff, parents, and the community, but most certainly by the Tabernacle Board of Education. Not only is the Board of Education to be commended for their continued support and concern in providing fiscal accountability to the citizens and taxpayers of the School District, but the Board is recognized for its vision and desire to truly educate the students of the Township of Tabernacle for a lifetime. We express our appreciation for their dedication to the development and maintenance of the District's educational and financial operations. In addition, the preparation of this report could not have been accomplished without the efforts and accomplishments of our District administration and their staff, and especially, the Business Office staff. Their continued dedication and commitment result in the excellence that is maintained. Their efforts are acknowledged and greatly appreciated.

Respectfully submitted,



Glenn Robbins
Superintendent of Schools

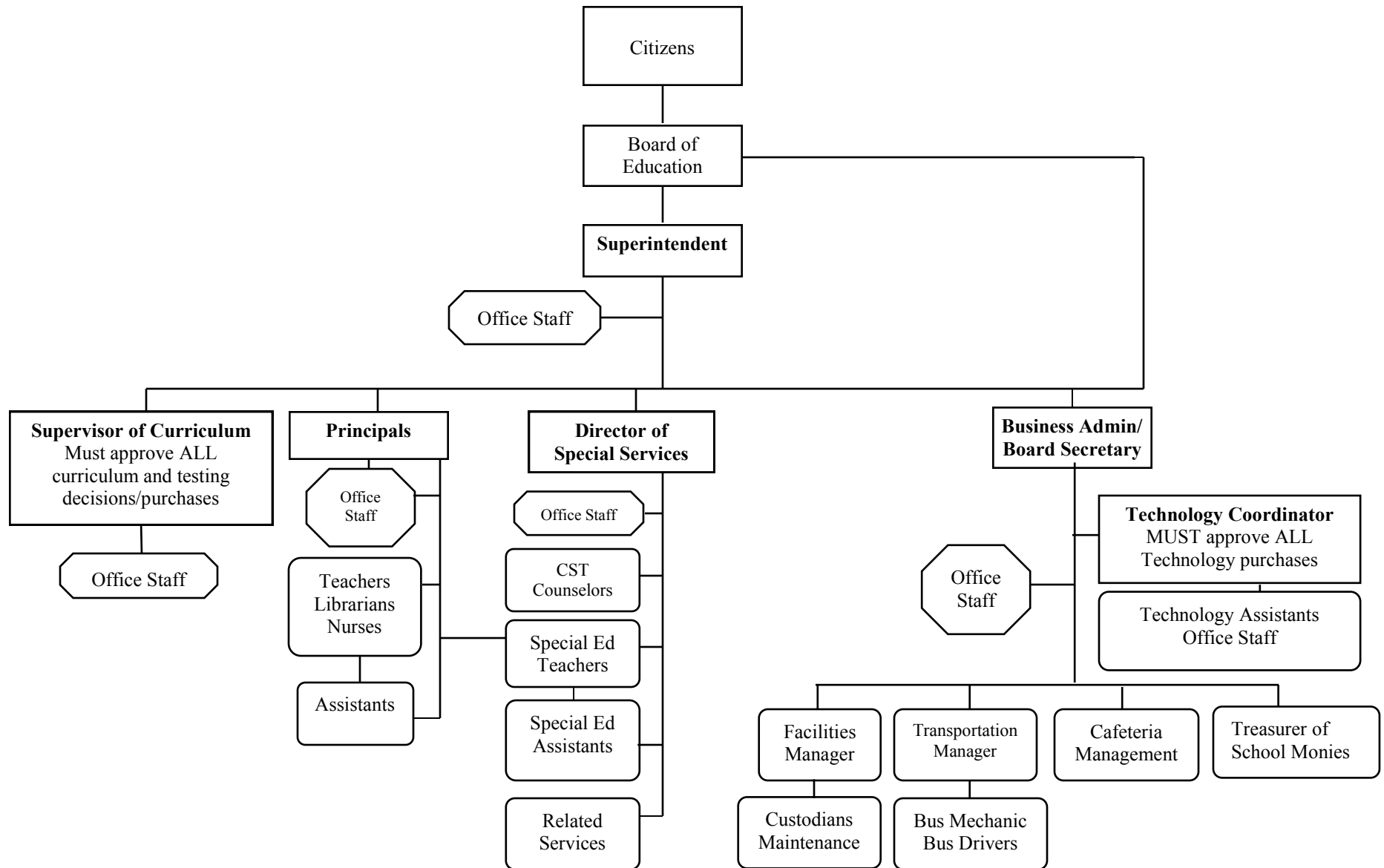


Jessica L. DeWysockie
School Business Administrator

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TABERNACLE TOWNSHIP SCHOOL DISTRICT

Organization Chart



**TABERNACLE TOWNSHIP BOARD OF EDUCATION
132 NEW ROAD
TABERNACLE, NEW JERSEY 08088**

**ROSTER OF OFFICIALS
JUNE 30, 2018**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Victoria Shoemaker, President	2019
Antony Laudicina, Vice President	2018
Gail Corey	2019
Julia Sailer	2020
Dr. Kevin McCloy	2020
Dr. Megan Jones	2020
Megan Chamberlain	2019
Brian Lepsis	2018
John Tirico	2018

OTHER OFFICIALS

Glenn Robbins – Superintendent
Jessica DeWysockie – Business Administrator/Board Secretary
Karen Albanese – Treasurer of School Monies

TABERNACLE TOWNSHIP BOARD OF EDUCATION
132 New Road
Tabernacle, New Jersey

CONSULTANTS AND ADVISORS

Architect

Regan, Young, England, Butera
456 High Street
Mt. Holly, New Jersey 08060

Audit Firm

Bowman & Company LLP
Daniel M. DiGangi, CPA, PSA
601 White Horse Road
Voorhees, NJ 08043

Attorney

Parker, McCay and Criscuolo
Frank Cavallo
9000 Midlantic Drive, Suite 300
Mount Laurel, NJ 08054

Labor Consultants

Capehart & Scatchard
Robert Muccilli
8000 Midlantic Drive, Suite 300S
Mount Laurel, NJ 08054

Official Depositories

TD Bank
1701 Route 70 East
Cherry Hill, New Jersey 08053

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Tabernacle School District
County of Burlington
Tabernacle, New Jersey 08088

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. The related disclosures for the implementation of this new accounting pronouncement are included in note 10 in the notes to financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Tabernacle School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2019 on our consideration of the Township of Tabernacle School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Tabernacle School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Tabernacle School District's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M DiGangi

Daniel M. DiGangi
Certified Public Accountant
Public School Accountant No. CS 002376

Voorhees, New Jersey
February 19, 2019

Exhibit K-1

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Tabernacle School District
County of Burlington
Tabernacle, New Jersey 08088

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Tabernacle School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 19, 2019. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting principle.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Public School Accountant No. CS 002376

Voorhees, New Jersey
February 19, 2019

REQUIRED SUPPLEMENTARY INFORMATION
PART I

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

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

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2018:

- During the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standard Board (GASB) Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The notes to the financial statements provide a more thorough discussion of the implementation of this GASB Statement and the effects to the financial statements.
- The assets of the Tabernacle Township Public School District exceeded its liabilities at the close of the most recent fiscal year by \$6,930,395 (net position).
- The School District's total net position increased by \$302,388. This increase is primarily attributable to the Tabernacle Township Public School District's increase in revenues over expenditures.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$3,208,891, an increase of \$296,871 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund had a deficit of \$203,006, which is a decrease of \$72,513 in comparison with the prior year.
- The Tabernacle Township Public School District's total debt decreased by \$315,822 as a result of debt and lease payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

The School District has three kinds of funds:

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

TABLE 1
Net Position

	June 30, 2018	June 30, 2017	Change	% Change
Assets:				
Current and Other Assets	\$ 3,345,621	\$ 3,666,587	\$ (320,966)	-8.75%
Capital Assets	13,127,217	13,407,734	(280,517)	-2.09%
Total Assets	16,472,838	17,074,321	(601,483)	-3.52%
Deferred Outflows of Resources:				
Related to Pensions	1,258,363	1,716,604	(458,241)	-26.69%
Deferred Loss on Refunding	239,815	274,075	(34,260)	-12.50%
Total Deferred Outflows of Resources	1,498,178	1,990,679	(492,501)	-24.74%
Liabilities:				
Long-Term Liabilities	9,421,101	11,118,810	(1,697,709)	-15.27%
Other Liabilities	364,778	267,268	97,510	36.48%
Total Liabilities	9,785,879	11,386,078	(1,600,199)	-14.05%
Deferred Inflows of Resources:				
Related to Taxes		675,265	(675,265)	-100.00%
Related to Pensions	1,254,742	375,650	879,092	234.02%
Total Deferred Inflows of Resources	1,254,742	1,050,915	203,827	19.40%
Net Position:				
Net Investment in Capital Assets	8,836,563	8,814,156	22,407	0.25%
Restricted	3,198,519	2,955,892	242,627	8.21%
Unrestricted (Deficit)	(5,104,687)	(5,142,041)	37,354	-0.73%
Total Net Position	\$ 6,930,395	\$ 6,628,007	\$ 302,388	4.56%

TABLE 2
Statement of Net Position - Effect of Pension Related Items

	June 30, 2018	June 30, 2017	Change	% Change
Deferred Outflows Related to Pensions	\$ 1,258,363	\$ 1,716,604	\$ (458,241)	-26.69%
Less: Net Pension Liability	(4,470,873)	(5,831,108)	1,360,235	-23.33%
Less: Deferred Inflows Related to Pensions	(1,254,742)	(375,650)	(879,092)	234.02%
	\$ (4,467,252)	\$ (4,490,154)	\$ 22,902	-0.51%

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

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

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

TABLE 3
Change in Net Position

Revenues:	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 304,254	\$ 289,180	\$ 15,074	5.21%
Operating Grants and Contributions	5,436,540	7,397,169	(1,960,629)	-26.51%
General Revenues:				
Property Taxes	8,255,699	8,103,180	152,519	1.88%
Grants and Contributions	5,549,452	5,744,399	(194,947)	-3.39%
Other	201,930	95,786	106,144	110.81%
Total Revenues	<u>19,747,875</u>	<u>21,629,714</u>	<u>(1,881,839)</u>	<u>-8.70%</u>
Expenses:				
Instruction:				
Regular	3,793,587	3,966,302	(172,715)	-4.35%
Special Education	1,328,251	1,327,326	925	0.07%
Other Instruction	320,913	257,727	63,186	24.52%
Other Special Instruction	82,886	61,813	21,073	34.09%
Tuition	335,102	371,920	(36,818)	-9.90%
Student Services:				
Student and Instruction Related	1,668,509	1,690,711	(22,202)	-1.31%
School Administrative Services	381,632	364,311	17,321	4.75%
Other Administrative Services	669,880	759,712	(89,832)	-11.82%
Plant Operations and Maintenance	1,425,120	1,470,680	(45,560)	-3.10%
Pupil Transportation	597,294	535,509	61,785	11.54%
Allocated and Unallocated Benefits	7,588,991	9,833,294	(2,244,303)	-22.82%
Reimbursed TPAF Pension and Social Security	404,277	390,307	13,970	3.58%
Interest on Long-Term Debt	142,501	161,814	(19,313)	-11.94%
Unallocated Depreciation	452,140	472,915	(20,775)	-4.39%
Food Service	254,404	252,169	2,235	0.89%
Total Expenses	<u>19,445,487</u>	<u>21,916,510</u>	<u>(2,471,023)</u>	<u>-11.27%</u>
Increase (Decrease) in Net Position	<u>302,388</u>	<u>(286,796)</u>	<u>589,184</u>	<u>(2.05)</u>
Beginning Net Position	<u>6,628,007</u>	<u>6,914,803</u>	<u>(286,796)</u>	<u>-4.15%</u>
Ending Net Position	<u>\$ 6,930,395</u>	<u>\$ 6,628,007</u>	<u>\$ 302,388</u>	<u>4.56%</u>

The table above includes revenues and expenses related to Governmental Accounting Standards Board (GASB) Statement No. 75 for the 2018 and 2017 fiscal years.

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

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

Governmental Activities

In 2017-2018, Governmental Activities Revenues were \$19,502,228 or 98.8% of total revenues.

In 2016-2017, Governmental Activities Revenues were \$21,383,852 or 98.9% of total revenues.

The \$1,881,624 decrease in Governmental Activities Revenues from FY 2016-2017 to FY 2017-2018 was mainly related to the GASB 75 OPEB On-Behalf revenue decreasing and the GASB 68 On-Behalf Pension revenue decreasing.

In 2017-2018, General Revenues - Property Taxes of \$8,255,699 made up 42.3%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$5,549,452 made up 28.5% of Governmental Activities Revenues.

In 2016-2017, General Revenues - Property Taxes of \$8,103,180 made up 37.9%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$5,744,399 made up 26.9% of Governmental Activities Revenues.

In 2017-2018, the School District's Governmental Activities expenditures decreased by \$2,473,258 or 11.42% from 2016-2017. The decrease was related to Unallocated Benefits due to the GASB 75 OPEB expense decreasing and the GASB 68 Pension expenses decreasing.

Business-Type Activities

In 2017-2018, Business-Type Activities Revenues were \$245,647 or 1.2% of total revenues. In 2016-2017, Business-Type Activities Revenues were \$245,862 or 1.1% of total revenues.

Charges for Services for Business-Type Activities were \$179,405 in 2017-2018 compared to \$179,437 in 2016-2017, a 0.02% decrease.

Operating Grants and Contributions for Business-Type Activities were \$66,243 in 2017-2018 compared to \$66,425 in 2016-2017, a 0.27% decrease.

Expenses for Business-Type Activities were \$254,404 in 2017-2018 compared to \$252,169 in 2016-2017, a 0.89% increase.

General Fund Budgeting Highlights

The final budgetary basis revenue estimate was \$13,121,224, which was \$109,467 less than the original budget.

The 2017-2018 General Fund Tax Levy was \$7,528,276, an increase of \$147,613 or 2.0% from the 2016-2017 General Fund Tax Levy of \$7,380,663.

During fiscal year 2018, the School District budgeted \$7,528,276 for property taxes (local tax levy) and \$5,420,877 for state aid revenues.

The School District also received \$403,163 and \$1,235,671 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance, Long-term Disability Insurance and Pension Contributions, respectively. The Tabernacle Township Public School District's expenditures also include the reimbursed TPAF Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance, Long-term Disability Insurance and Pension Contributions of \$403,163 and \$1,235,671 respectively.

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

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

General Fund Budgeting Highlights (Cont'd)

The final budgetary basis expenditure appropriation estimate was \$14,223,222, which was \$109,467 less than the original budget.

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$3,208,891, an increase of \$296,871 in comparison with the prior year.

Of the combined ending fund balances of \$3,208,891, \$203,006 constitutes unassigned fund balance deficits. The remainder of fund balance of \$3,411,897 is restricted or assigned for various purposes.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary fund had \$39,701 in unrestricted net position.

CAPITAL ASSETS

The Tabernacle Township Public School District's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$13,127,217 (net of accumulated depreciation). This investment in capital assets includes land improvements, construction in progress, buildings and improvements, and equipment. There was a net decrease in the Tabernacle Township Public School District's investment in capital assets for the current fiscal year of 2.1%. The net decrease was the result of depreciation. Table 4 reflects the capital assets.

TABLE 4
 Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Land Improvements	\$ 15,732	\$ 18,974
Construction in Progress	77,709	
Building and Improvements	12,276,604	12,724,901
Furniture, Fixtures and Equipment	<u>757,172</u>	<u>663,859</u>
 Total Capital Assets	 <u>\$ 13,127,217</u>	 <u>\$ 13,407,734</u>

Depreciation expense was \$541,606 for fiscal year ended 2018 and \$557,726 for fiscal year ended 2017.

DEBT ADMINISTRATION

Long-term Debt - At the end of the current fiscal year, the Tabernacle Township Public School District had total bonded debt outstanding of \$3,880,000. The entire Tabernacle Township Public School District's bonded debt is governmental as opposed to business-type. The 2019 adopted budget has an appropriation of \$705,000 representing the payment of the annual principal. The 2013 refunding bonds will mature on September 1, 2024.

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

FACTORS ON THE DISTRICT'S FUTURE

For the 2017-2018 school year, the Tabernacle Township Public School District was able to sustain its budget through the township tax levy, federal aid, state aid and miscellaneous revenue sources. 41.8 percent of total revenue is from local tax levy and 55.6 percent of the Tabernacle Township Public School District's revenue is from federal and state aid (restricted and not restricted).

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Tabernacle Township Public 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 Jessica DeWysockie, Business Administrator / Board Secretary at the Tabernacle Township School District, 132 New Road, Tabernacle, New Jersey 08088.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 2,105,118.37	\$ 35,482.21	\$ 2,140,600.58
Receivables, net	209,165.50	4,373.98	213,539.48
Restricted Cash and Cash Equivalents	983,896.02		983,896.02
Inventory		7,584.84	7,584.84
Capital Assets, net (Note 6)	<u>13,075,001.98</u>	<u>52,215.45</u>	<u>13,127,217.43</u>
Total Assets	<u>16,373,181.87</u>	<u>99,656.48</u>	<u>16,472,838.35</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	1,258,363.00		1,258,363.00
Deferred Loss on Refunding	<u>239,815.20</u>		<u>239,815.20</u>
Total Deferred Outflows	<u>1,498,178.20</u>	<u>-</u>	<u>1,498,178.20</u>
LIABILITIES:			
Accounts Payable:			
Related to Pensions	221,918.00		221,918.00
Other	89,289.20		89,289.20
Accrued Interest	45,831.26		45,831.26
Unearned Revenue		7,740.24	7,740.24
Noncurrent Liabilities (Note 7):			
Due within One Year	910,772.85		910,772.85
Due beyond One Year	<u>8,510,327.93</u>		<u>8,510,327.93</u>
Total Liabilities	<u>9,778,139.24</u>	<u>7,740.24</u>	<u>9,785,879.48</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	<u>1,254,742.00</u>		<u>1,254,742.00</u>
Total Deferred Inflows	<u>1,254,742.00</u>	<u>-</u>	<u>1,254,742.00</u>
NET POSITION:			
Net Investment in Capital Assets	8,784,347.53	52,215.45	8,836,562.98
Restricted for:			
Capital Projects	1,786,165.67		1,786,165.67
Other Purposes	1,412,353.82		1,412,353.82
Unrestricted (Deficit)	<u>(5,144,388.19)</u>	<u>39,700.79</u>	<u>(5,104,687.40)</u>
Total Net Position	<u>\$ 6,838,478.83</u>	<u>\$ 91,916.24</u>	<u>\$ 6,930,395.07</u>

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

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

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 3,793,587.24				\$ (3,793,587.24)		\$ (3,793,587.24)
Special Education	1,328,250.84	\$ 124,849.24	\$ 68,484.62		(1,134,916.98)		(1,134,916.98)
Other Special Instruction	320,912.87				(320,912.87)		(320,912.87)
Other Instruction	82,885.81				(82,885.81)		(82,885.81)
Tuition	335,102.29		173,109.00		(161,993.29)		(161,993.29)
Support Services:							
Student and Instruction Related Services	1,668,509.44		20,933.00		(1,647,576.44)		(1,647,576.44)
School Administrative Services	381,631.66				(381,631.66)		(381,631.66)
Other Administrative Services	669,879.60				(669,879.60)		(669,879.60)
Plant Operations and Maintenance	1,425,120.46				(1,425,120.46)		(1,425,120.46)
Pupil Transportation	597,294.30				(597,294.30)		(597,294.30)
Unallocated Benefits	7,588,990.89		4,688,236.00		(2,900,754.89)		(2,900,754.89)
Reimbursed TPAF Pension and Social Security	404,276.89		404,276.89				
Interest on Long-Term Debt	142,501.41		15,257.61		(127,243.80)		(127,243.80)
Unallocated Depreciation	452,139.51				(452,139.51)		(452,139.51)
Total Governmental Activities	19,191,083.21	124,849.24	5,370,297.12	-	(13,695,936.85)	-	(13,695,936.85)
Business-Type Activities:							
Food Service	254,403.61	179,404.67	66,242.74	-	-	\$ (8,756.20)	(8,756.20)
Total Government	\$ 19,445,486.82	\$ 304,253.91	\$ 5,436,539.86	-	(13,695,936.85)	(8,756.20)	(13,704,693.05)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					7,528,276.00		7,528,276.00
Taxes Levied for Debt Service					727,423.00		727,423.00
Federal and State Aid Not Restricted					5,472,069.75		5,472,069.75
Federal and State Aid Restricted					77,382.39		77,382.39
Miscellaneous Income					201,930.02		201,930.02
Total General Revenues					14,007,081.16	-	14,007,081.16
Change in Net Position					311,144.31	(8,756.20)	302,388.11
Net Position -- July 1					6,527,334.52	100,672.44	6,628,006.96
Net Position -- June 30					\$ 6,838,478.83	\$ 91,916.24	\$ 6,930,395.07

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

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 2,105,118.37		\$ 945,028.84	\$ 38,867.18	\$ 3,089,014.39
Receivables, net:					
Interfunds Receivable:					
Special Revenue Fund	51,254.04				51,254.04
Capital Projects	737.78				737.78
Payroll	1,670.00				1,670.00
Unemployment	1.00				1.00
Receivables from Other Governments:					
State of NJ -- Non-Public Transportation Aid	2,801.00				2,801.00
State of NJ -- Extraordinary Aid	108,650.00				108,650.00
Federal		\$ 48,814.00			48,814.00
Other Receivables	40,229.50	7,000.00			47,229.50
Total Assets	<u>\$ 2,310,461.69</u>	<u>\$ 55,814.00</u>	<u>\$ 945,028.84</u>	<u>\$ 38,867.18</u>	<u>\$ 3,350,171.71</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 69,929.24	\$ 4,559.96			\$ 74,489.20
Due to Other Governments	14,800.00				14,800.00
Interfunds Payable:					
General Fund		51,254.04	\$ 737.78		51,991.82
Total Liabilities	<u>84,729.24</u>	<u>55,814.00</u>	<u>737.78</u>	<u>-</u>	<u>141,281.02</u>
Fund Balances:					
Restricted:					
Capital Reserve	841,874.61				841,874.61
Emergency Reserve	63.11				63.11
Maintenance Reserve	174,678.05				174,678.05
Excess Surplus	750,000.00				750,000.00
Excess Surplus Designated for Subsequent Year's Expenditures	487,612.66				487,612.66
Debt Service				\$ 38,867.18	38,867.18
Capital Projects			944,291.06		944,291.06
Assigned:					
Other Purposes	56,419.78				56,419.78
Subsequent Year's Expenditures	118,090.34				118,090.34
Unassigned (Deficit)	(203,006.10)				(203,006.10)
Total Fund Balances	<u>2,225,732.45</u>	<u>-</u>	<u>944,291.06</u>	<u>38,867.18</u>	<u>3,208,890.69</u>
Total Liabilities and Fund Balances	<u>\$ 2,310,461.69</u>	<u>\$ 55,814.00</u>	<u>\$ 945,028.84</u>	<u>\$ 38,867.18</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 \$26,388,269.23 and the accumulated depreciation is \$13,313,267.25.	13,075,001.98
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.	(9,421,100.78)
Deferred loss on refundings are not financial resources and therefore are not reported in the funds.	239,815.20
Accrued interest on bonds payable and capital leases is not due and payable in the current period and therefore are not reported as liabilities in the funds.	(45,831.26)
Accounts Payable related to the April 1, 2019 Required PERS pension contribution that is not to be liquidated with current financial resources.	(221,918.00)
Deferred Outflows of Resources - Related to Pensions	1,258,363.00
Deferred Inflows of Resources - Related to Pensions	<u>(1,254,742.00)</u>
Net position of governmental activities	<u>\$ 6,838,478.83</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 7,528,276.00			\$ 727,423.00	\$ 8,255,699.00
Tuition	124,849.24				124,849.24
State Sources	7,110,903.64			92,640.00	7,203,543.64
Federal Sources		\$ 263,319.91			263,319.91
Miscellaneous	201,930.02	8,036.71			209,966.73
Total Revenues	14,965,958.90	271,356.62	-	820,063.00	16,057,378.52
EXPENDITURES:					
Regular Instruction	3,780,927.09				3,780,927.09
Special Education Instruction	1,259,841.78	68,484.62			1,328,326.40
Other Special Instruction	320,912.87				320,912.87
Other Instruction	82,885.81				82,885.81
Tuition	161,993.29	173,109.00			335,102.29
Support Services and Undistributed Costs:					
Student and Instruction Related Services	1,647,576.44	20,933.00			1,668,509.44
School Administrative Services	381,631.66				381,631.66
Other Administrative Services	658,303.39				658,303.39
Plant Operations and Maintenance	1,413,037.18				1,413,037.18
Pupil Transportation	612,393.16				612,393.16
Unallocated Benefits	2,879,662.89	8,830.00			2,888,492.89
Reimbursed TPAF Pension and Social Security	1,638,833.89				1,638,833.89
Debt Service:					
Principal				685,000.00	685,000.00
Interest				135,062.50	135,062.50
Capital Outlay	183,379.56		\$ 77,708.94		261,088.50
Total Expenditures	15,021,379.01	271,356.62	77,708.94	820,062.50	16,190,507.07
Excess (Deficiency) of Revenues over Expenditures	(55,420.11)	-	(77,708.94)	0.50	(133,128.55)
OTHER FINANCING SOURCES (USES):					
Transfers To and From Capital Reserve	(592,000.00)		592,000.00		
Lease Proceeds			430,000.00		430,000.00
Total Other Financing Sources and Uses	(592,000.00)	-	1,022,000.00	-	430,000.00
Net Change in Fund Balances	(647,420.11)	-	944,291.06	0.50	296,871.45
Fund Balance (Deficit)-- July 1	2,873,152.56	-	-	38,866.68	2,912,019.24
Fund Balance (Deficit)-- June 30	<u>\$ 2,225,732.45</u>	<u>-</u>	<u>\$ 944,291.06</u>	<u>\$ 38,867.18</u>	<u>\$ 3,208,890.69</u>

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

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

Total Net Change in Fund Balances - Governmental Funds		\$ 296,871.45
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (534,397.53)	
Capital Outlays	<u>261,088.50</u>	
		(273,309.03)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		685,000.00
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.</p>		
Amortization of Loss on Early Retirement of Debt		(34,259.32)
Amortization of Bond Sale Premiums		21,360.90
<p>Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		60,822.17
<p>Proceeds from capital lease is a revenue in the governmental funds, but increases the long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		(430,000.00)
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation. (+)</p>		
		5,459.51
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		290.63
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which the pension benefits earned exceeded School District's pension contributions in the current period.</p>		
		<u>(21,092.00)</u>
Change in Net Position of Governmental Activities		<u>\$ 311,144.31</u>

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

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Proprietary Fund
 Business Type Activities - Enterprise Fund
 Statement of Net Position
 June 30, 2018

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 35,482.21
Accounts Receivable:	
State	153.92
Federal	3,086.89
Other	1,133.17
Inventories	<u>7,584.84</u>
Total Current Assets	<u>47,441.03</u>
Noncurrent Assets:	
Capital Assets:	
Furniture, Fixtures and Equipment	172,764.50
Less Accumulated Depreciation	<u>(120,549.05)</u>
Total Noncurrent Assets	<u>52,215.45</u>
Total Assets	<u>99,656.48</u>
LIABILITIES:	
Current Liabilities:	
Unearned Revenue	<u>7,740.24</u>
NET POSITION:	
Net Investment in Capital Assets	52,215.45
Unrestricted	<u>39,700.79</u>
Total Net Position	<u>\$ 91,916.24</u>

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

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
Proprietary Fund
Business Type Activities - Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Lunch Program	\$ 90,406.25
Daily Sales - Non-Reimbursable Programs	85,673.59
Special Functions	<u>3,324.83</u>
Total Operating Revenues	<u>179,404.67</u>
OPERATING EXPENSES:	
Salaries	94,947.35
Employee Benefits	17,102.34
General Supplies	6,487.90
Depreciation	7,207.99
Administrative Fee	25,055.10
Other Purchased Services	10,797.31
Cost of Sales - Reimbursable Programs	59,182.01
Cost of Sales - Non-Reimbursable Programs	<u>33,623.61</u>
Total Operating Expenses	<u>254,403.61</u>
Operating Income / (Loss)	<u>(74,998.94)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	2,250.95
Federal Sources:	
National School Lunch Program	45,042.49
Food Distribution Program	<u>18,949.30</u>
Total Nonoperating Revenues (Expenses)	<u>66,242.74</u>
Change in Net Position	(8,756.20)
Net Position -- July 1	<u>100,672.44</u>
Net Position -- June 30	<u><u>\$ 91,916.24</u></u>

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

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
Proprietary Fund
Business Type Activities - Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 180,803.36
Payments to Employees	(94,947.35)
Payments for Employee Benefits	(17,102.34)
Payments for Supplies and Services	<u>(136,393.10)</u>
Net Cash Provided by (used for) Operating Activities	<u>(67,639.43)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	2,492.61
Federal Sources	<u>71,022.02</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>73,514.63</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,875.20
Cash and Cash Equivalents -- July 1	<u>29,607.01</u>
Cash and Equivalents -- June 30	<u>\$ 35,482.21</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (74,998.94)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	7,207.99
(Increase) Decrease in Accounts Receivable	372.29
(Increase) Decrease in Inventories	(1,247.17)
Increase (Decrease) in Unearned Revenue	<u>1,026.40</u>
Total Adjustments	<u>7,359.51</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (67,639.43)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
Food Distribution Program	<u>\$ 18,949.30</u>

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

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

	Private Purpose Trust Funds		Agency Funds		
	<u>Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:					
Cash and Cash Equivalents	\$ 10,744.96	\$ 74,011.90	\$ 35,850.94	\$ 73,526.08	\$ 194,133.88
Accounts Receivable:					
Interfund Accounts Receivable:					
Due Unemployment Fund				4,757.90	4,757.90
Total Assets	<u>10,744.96</u>	<u>74,011.90</u>	<u>\$ 35,850.94</u>	<u>\$ 78,283.98</u>	<u>198,891.78</u>
LIABILITIES:					
Interfund Accounts Payable:					
Due General Fund		1.00		\$ 1,670.00	1,671.00
Due Payroll Fund		4,757.90			4,757.90
Payable to Student Groups			\$ 35,850.94		35,850.94
Payroll Deductions and Withholdings				76,613.98	76,613.98
Total Liabilities	<u>-</u>	<u>4,758.90</u>	<u>\$ 35,850.94</u>	<u>\$ 78,283.98</u>	<u>118,893.82</u>
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 10,744.96</u>	<u>\$ 69,253.00</u>			<u>\$ 79,997.96</u>

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

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

	Private Purpose Trust Funds	
	Scholarship Trust	Unemployment Compensation Trust
ADDITIONS:		
Contributions and Donations from		
Payroll Deductions Withheld		\$ 13,606.20
Scholarship Donations	\$ 900.00	
Total Additions	900.00	13,606.20
DEDUCTIONS:		
Scholarship Awards	500.00	
Unemployment Claims		35,890.73
Total Deductions	500.00	35,890.73
Change in Net Position	400.00	(22,284.53)
Net Position -- July 1	10,344.96	91,537.53
Net Position -- June 30	\$ 10,744.96	\$ 69,253.00

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades kindergarten through eight at its two schools. The School District has an approximate enrollment at June 30, 2018 of 720.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the School District over which the Board exercises operating control.

Component Units

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

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

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The School District reports the following major governmental funds:

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

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

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

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

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

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

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

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

The School District reports the following major proprietary fund:

Enterprise Fund

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

Additionally, the School District reports the following fund types:

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

The School District maintains the following fiduciary funds:

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

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

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

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

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

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 property taxes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control**

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

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

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

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

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

Encumbrances

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

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

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

Tuition Receivable

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

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

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

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	3 - 15 Years
Buildings and Improvements	15 - 50 Years
Land Improvements	15 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

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

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

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

Tuition Payable

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

Unearned Revenue

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

Accrued Salaries and Wages

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

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

Bond Discounts / Premiums

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

Net Position

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

Interfund Activity

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

Accounting Estimates

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

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

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

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of this Statement required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. In addition, the School District was required to include additional note disclosures (see note 10) and required supplementary information related to postemployment benefits.

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

Recently Issued Accounting Pronouncements

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2018, none of the School District's bank balances of \$3,680,034.74 were uninsured or uncollateralized.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District during the 1999-2000 fiscal year 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 School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A: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		\$ 1,282,555.99
Increased by:		
Interest Earnings	\$ 1,318.62	
Deposits:		
Board Resolution, June 11, 2018	<u>150,000.00</u>	
		<u>151,318.62</u>
		1,433,874.61
Decreased by:		
Withdrawals:		
Transfer to Capital Projects		<u>592,000.00</u>
Ending Balance, June 30, 2018		<u><u>\$ 841,874.61</u></u>

The June 30, 2018 LRFP balance of local support costs of uncompleted projects at June 30, 2018 is \$8,239,605.19. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLE

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

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

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Fund</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal Awards		\$ 48,814.00	\$ 48,814.00	\$ 3,086.89	\$ 51,900.89
State Awards	\$ 111,451.00		111,451.00	153.92	111,604.92
Tuition Charges	40,229.50		40,229.50		40,229.50
Other		7,000.00	7,000.00	1,133.17	8,133.17
	<u>\$ 151,680.50</u>	<u>\$ 55,814.00</u>	<u>\$ 207,494.50</u>	<u>\$ 4,373.98</u>	<u>\$ 211,868.48</u>

Note 5: INVENTORY

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

Food	\$ 5,087.92
Supplies	<u>2,496.92</u>
	<u>\$ 7,584.84</u>

Note 6: CAPITAL ASSETS

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

	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Construction in Progress	-	\$ 77,708.94	-	\$ 77,708.94
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	\$ 2,949,092.95	183,379.56	\$ (111,635.97)	3,020,836.54
Buildings and Improvements	23,160,422.75			23,160,422.75
Land Improvements	129,301.00			129,301.00
Total Capital Assets, being Depreciated	<u>26,238,816.70</u>	<u>183,379.56</u>	<u>(111,635.97)</u>	<u>26,310,560.29</u>
Total Capital Assets, Cost	<u>26,238,816.70</u>	<u>261,088.50</u>	<u>(111,635.97)</u>	<u>26,388,269.23</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(2,344,657.26)	(82,857.90)	111,635.97	(2,315,879.19)
Buildings and Improvements	(10,435,521.71)	(448,297.10)		(10,883,818.81)
Land Improvements	(110,326.72)	(3,242.53)		(113,569.25)
Total Accumulated Depreciation	<u>(12,890,505.69)</u>	<u>(534,397.53)</u>	<u>111,635.97</u>	<u>(13,313,267.25)</u>
Total Capital Assets, being Depreciated, Net	<u>13,348,311.01</u>	<u>(351,017.97)</u>	<u>-</u>	<u>12,997,293.04</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,348,311.01</u>	<u>\$ (273,309.03)</u>	<u>-</u>	<u>\$ 13,075,001.98</u>
	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	\$ 172,764.50			\$ 172,764.50
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(113,341.06)	\$ (7,207.99)		(120,549.05)
Business-Type Activities Capital Assets, Net	<u>\$ 59,423.44</u>	<u>\$ (7,207.99)</u>	<u>-</u>	<u>\$ 52,215.45</u>

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

Governmental Activities:

Regular Instruction	\$ 12,875.22
Other Administrative Services	11,576.21
Plant Operations and Maintenance	12,083.28
Pupil Transportation	45,723.31
Unallocated	452,139.51
Total Depreciation Expense - Governmental Activities	<u>\$ 534,397.53</u>

Business-Type Activities:

Food Service	<u>\$ 7,207.99</u>
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Note 7: LONG-TERM LIABILITIES

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 4,565,000.00		\$ (685,000.00)	\$ 3,880,000.00	\$ 705,000.00
Add Amounts:					
Issuance Premium	170,887.20		(21,360.90)	149,526.30	
Total Bonds Payable	<u>4,735,887.20</u>	<u>-</u>	<u>(706,360.90)</u>	<u>4,029,526.30</u>	<u>705,000.00</u>
Other Liabilities:					
Obligations under Capital Lease	131,765.52	\$ 430,000.00	(60,822.17)	500,943.35	121,821.22
Compensated Absences	420,048.76	84,009.75	(84,300.38)	419,758.13	83,951.63
Net Pension Liability (note 9)	5,831,108.00	1,611,111.00	(2,971,346.00)	4,470,873.00	
Total Other Liabilities	<u>6,382,922.28</u>	<u>2,125,120.75</u>	<u>(3,116,468.55)</u>	<u>5,391,574.48</u>	<u>205,772.85</u>
Governmental Activities Long-Term Liabilities	<u>\$ 11,118,809.48</u>	<u>\$ 2,125,120.75</u>	<u>\$ (3,822,829.45)</u>	<u>\$ 9,421,100.78</u>	<u>\$ 910,772.85</u>

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

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

On October 1, 2003, the School District issued \$5,335,000.00 of Refunding School Bonds to provide funding to advance refund the callable portion of the outstanding 1996 Bond Issue. The Refunding Bonds were issued at interest rates varying from 2.00% to 4.30%. The final maturity of these bonds was September 1, 2021, however the School District refunded these bonds on October 18, 2013.

On February 1, 2005, the District issued \$5,673,000.00 of School Bonds at interest rates varying from 2.5% to 4.3%. The purpose of the Bonds is to undertake the construction of various renovations and improvements to Kenneth R. Olson Middle School and Tabernacle Elementary School in order to correct various health and safety deficiencies and make necessary offsite improvements. The final maturity of these bonds was originally February 1, 2025, however the School District refunded these bonds on October 18, 2013.

On October 18, 2013, the School District issued \$6,250,000.00 of Refunding School Bonds to provide funding to advance refund the callable portion of the outstanding 2003 and 2005 Bond Issues. The Refunding Bonds were issued at interest rates varying from 2.00% to 4.00%. The final maturity of these bonds is September 1, 2024.

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

Bonds Payable (Cont'd) - Principal and interest due on bonds outstanding is as follows:

Fiscal Year			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 705,000.00	\$ 110,687.50	\$ 815,687.50
2020	715,000.00	85,862.50	800,862.50
2021	700,000.00	64,637.50	764,637.50
2022	690,000.00	43,787.50	733,787.50
2023	360,000.00	27,812.50	387,812.50
2024-2025	710,000.00	22,031.25	732,031.25
Total	<u>\$ 3,880,000.00</u>	<u>\$ 354,818.75</u>	<u>\$ 4,234,818.75</u>

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

Obligations under Capital Lease - The School District is leasing school buses and boiler room equipment with a total cost of \$739,285.61 under capital leases. All capital leases are for terms of five years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2018.

Fiscal Year			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 121,821.22	\$ 7,769.57	\$ 129,590.79
2020	117,939.51	11,651.28	129,590.79
2021	84,441.98	8,018.31	92,460.29
2022	87,034.35	5,425.94	92,460.29
2023	89,706.29	2,754.00	92,460.29
Total	<u>\$ 500,943.35</u>	<u>\$ 35,619.10</u>	<u>\$ 536,562.45</u>

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 15 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

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

Fiscal Year	
<u>Ending June 30,</u>	<u>Amount</u>
2019	\$ 130,098.21
2020	111,548.21
2021	111,548.21
2022	2,298.84
2023	1,724.13
	<hr/>
	\$ 357,217.60
	<hr/>

Rental payments under operating leases for the fiscal year ended June 30, 2018 were \$143,289.08.

Note 9: PENSION PLANS

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

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

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

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

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for TPAF:

Tier Definition

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

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

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

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

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

Contributions

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

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

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 10.98% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2018 was \$634,235.00, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$432,355.28.

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 14.75% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$177,924.00, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$110,419.58.

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

For the fiscal year ended June 30, 2018, employee contributions totaled \$7,927.68, and the School District recognized pension expense, which equaled the required contributions, of \$6,256.01. There were no forfeitures during the fiscal year.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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

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

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	38,081,754.00
	<u>\$ 38,081,754.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. For the June 30, 2017 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2017, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2017 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.0564813367%, which was a decrease of 0.0007678118% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized \$2,638,111.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Public Employees' Retirement System - At June 30, 2018, the School District reported a liability of \$4,470,873.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the School District's proportion was 0.0192060995%, which was a decrease of 0.0004821954% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized pension expense of \$199,016.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 105,274.00	\$ -
Changes of Assumptions	900,727.00	897,425.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	30,444.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	357,317.00
School District Contributions Subsequent to the Measurement Date	<u>221,918.00</u>	<u>-</u>
	<u>\$ 1,258,363.00</u>	<u>\$ 1,254,742.00</u>

\$221,918.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ (18,211.00)
2020	35,363.00
2021	18,948.00
2022	(151,896.00)
2023	<u>(102,501.00)</u>
	<u>\$ (218,297.00)</u>

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

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

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real 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	<u>8.25%</u>	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2017 were 4.25% and 5.00% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined amount for TPAF and PERS and the local employers contributed 100% of the actuarially determined amount for PERS. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036 for TPAF and 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 for TPAF and 2040 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

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

	TPAF		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	45,242,318.00	38,081,754.00	32,182,850.00
	<u>\$ 45,242,318.00</u>	<u>\$ 38,081,754.00</u>	<u>\$ 32,182,850.00</u>

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

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
School District's Proportionate Share of the Net Pension Liability	\$ 5,546,421.00	\$ 4,470,873.00	\$ 3,574,808.00

Pension Plan Fiduciary Net Position

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

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

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

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

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

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

Active Plan Members	\$ 223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	<u>-</u>
	<u>\$ 366,078</u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2018 was \$45,924,488.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total Non-Employer OPEB Liability.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The total Non-Employer OPEB Liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total Non-Employer OPEB Liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. For the June 30, 2017 measurement date, the State's proportionate share of the Non-Employer OPEB Plan Liability associated with the School District was .0856163747%, which was a decrease of .0007929739% from its proportion measured as of June 30, 2016.

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

Salary Increases -

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

(1) - Based on years of service

(2) - Based on age

Inflation Rate - 2.50%.

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

Experience Studies - The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

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

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

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

Balance at June 30, 2017		\$ 49,972,068.00
Changes for the Year:		
Service Cost	\$ 1,264,711.00	
Interest Cost	1,445,751.00	
Changes in Assumptions	(5,733,501.00)	
Gross Benefit Payments	(1,063,709.00)	
Member Contributions	39,168.00	
Net Changes		(4,047,580.00)
Balance at June 30, 2018		\$ 45,924,488.00

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

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

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

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	\$ 54,515,680.54	\$ 45,924,488.00	\$ 39,109,872.43

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	\$ 37,768,451.86	\$ 45,924,488.00	\$ 56,755,608.03

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Non-Employer OPEB Liability - For the fiscal year ended June 30, 2018, the School District recognized \$2,041,295.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2017 measurement date.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion	\$ -	\$ 362,368.00
Changes of Assumptions or Other Inputs	-	5,431,305.00
	<u>\$ -</u>	<u>\$ 5,793,673.00</u>

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

<u>Year Ending June 30,</u>	
2019	\$ (678,416.20)
2020	(678,416.20)
2021	(678,416.20)
2022	(678,416.20)
2023	(678,416.20)
Thereafter	(2,401,592.00)
	<u>\$ (5,793,673.00)</u>

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2018, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$732,318.00, \$17,772.00, \$484,467.00, and \$1,114.00, respectively.

Note 12: RISK MANAGEMENT

The School 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.

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 13,606.20	\$ 35,890.73	\$ 69,253.00
2017	13,392.79	141.26	91,537.53
2016	12,908.69	196.13	78,286.00

Joint Insurance Pool - The School District is a member of the Burlington County Insurance Pool Joint Insurance Fund. The Fund provides its members with the following coverage:

Property - Blanket Building and Grounds
 General and Automobile Liability
 Crime
 Educators Legal Liability
 Workers' Compensation
 Pollution
 Cyber Liability
 Violent Malicious Acts

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Burlington County Municipal Joint Insurance Fund
 P.O. Box 489
 Marlton, New Jersey 08053

Note 13: DEFERRED COMPENSATION

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

AXA Equitable
 MetLife

ING Life Insurance & Annuity
 Vanguard

Lincoln Investment Planning
 AIG Valic

Note 14: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2018, the liability for compensated absences reported on the government-wide statement of net position was \$419,758.13.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 53,662.82	
Special Revenue		\$ 51,254.04
Capital Projects		737.78
Fiduciary	4,757.90	6,428.90
	<u>\$ 58,420.72</u>	<u>\$ 58,420.72</u>

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

Interfund Transfers:

<u>Transfer Out:</u>	<u>Transfer In:</u>
	<u>Capital Projects Fund</u>
General Fund	<u>\$ 592,000.00</u>

The transfer from the general fund to the capital projects fund is the local share of capital projects.

Note 16: CONTINGENCIES

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

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

Note 17: CONCENTRATIONS

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

Note 18: COMMITMENTS

The School District had a construction project ongoing as of the fiscal year ended June 30, 2018 that is to continue into the subsequent fiscal year. This project, which is related to the capital projects fund, is as follows:

<u>Contract</u>	<u>Commitment Date</u>	<u>Amount Outstanding</u>
Olson Middle School Boiler Room	04/16/18	\$ 603,892.50

Note 19: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$203,006.10 in the general fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$203,006.10 is less than the June state aid payments.

Note 20: FUND BALANCES**NONSPENDABLE**

As stated in note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School District does not have any nonspendable fund balances as of June 30, 2018.

RESTRICTED

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

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$750,000.00.

For Excess Surplus (Cont'd) - Additionally, \$487,612.66 of excess fund balance generated during 2016-2017 has been restricted and designated for utilization in the 2018-2019 budget.

For Capital Reserve Account - As of June 30, 2018, the balance in the capital reserve account is \$841,874.61. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2018, the balance in the maintenance reserve account is \$174,678.05. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

For Emergency Reserve - As of June 30, 2018, the balance in the emergency reserve is \$63.11. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The balance of the restricted fund balance is not permitted to exceed \$250,000.00, or one percent (1%) of the School District's general fund budget up to a maximum of \$1,000,000.00, whichever is greater. Deposits may be made to the emergency reserve account at budget time, or by board resolution at year end of any unanticipated revenue or unexpended line item appropriation, or both. Withdrawals from the emergency reserve require approval by the Commissioner.

Capital Projects Fund - As of June 30, 2018, the balance in the capital projects fund is \$944,291.06, which is restricted for approved projects.

Debt Service Fund - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has \$38,867.18 of debt service fund balance at June 30, 2018.

Note 20: FUND BALANCES (CONT'D)**COMMITTED**

As stated in note 1, the committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which is the Board of Education. The School District does not have any committed fund balances as of June 30, 2018.

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2019, \$118,090.34 of general fund balance at June 30, 2018.

Other Purposes - As of June 30, 2018, the School District had \$56,419.78 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund - As of June 30, 2018, the general fund balance deficit of \$203,006.10 was unassigned.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 7,528,276.00		\$ 7,528,276.00	\$ 7,528,276.00	
Tuition from Individuals	30,000.00		30,000.00	48,250.00	\$ 18,250.00
Tuition from Other LEA's within the State	55,000.00		55,000.00	76,599.24	21,599.24
Interest Earned on Capital Reserve Funds	50.00		50.00	1,318.62	1,268.62
Interest Earned on Emergency Reserve Funds	1.00		1.00		(1.00)
Interest Earned on Maintenance Reserve Funds	20.00		20.00	140.51	120.51
Rents and Royalties	37,000.00		37,000.00	22,201.00	(14,799.00)
Unrestricted Miscellaneous Revenues	50,000.00		50,000.00	178,269.89	128,269.89
Total - Local Sources	7,700,347.00	-	7,700,347.00	7,855,055.26	154,708.26
State Sources:					
Equalization Aid	3,405,745.00		3,405,745.00	3,405,745.00	
Categorical Special Education Aid	465,120.00		465,120.00	465,120.00	
Categorical Security Aid	66,283.00		66,283.00	66,283.00	
Adjustment Aid	1,177,271.00	\$ (109,467.00)	1,067,804.00	1,067,804.00	
Categorical Transportation Aid	337,115.00		337,115.00	337,115.00	
PARCC Readiness Aid	7,330.00		7,330.00	7,330.00	
Per Pupil Growth Aid	7,330.00		7,330.00	7,330.00	
Professional Learning Community Aid	7,150.00		7,150.00	7,150.00	
Reimbursement for Lead Testing				1,523.75	1,523.75
Non-Public Transportation Aid				2,801.00	2,801.00
Extraordinary Aid	57,000.00		57,000.00	108,650.00	51,650.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				403,162.89	403,162.89
On-behalf TPAF Medical Contributions (non-budgeted)				484,467.00	484,467.00
On-behalf TPAF Pension Contributions (non-budgeted)				732,318.00	732,318.00
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				17,772.00	17,772.00
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,114.00	1,114.00
Total - State Sources	5,530,344.00	(109,467.00)	5,420,877.00	7,115,685.64	1,694,808.64
Total Revenues	13,230,691.00	(109,467.00)	13,121,224.00	14,970,740.90	1,849,516.90

(Continued)

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 310,032.00	\$ (50,615.51)	\$ 259,416.49	\$ 259,416.49	
Grades 1 - 5	1,759,821.00	405.00	1,760,226.00	1,759,427.81	\$ 798.19
Grades 6 - 8	1,081,596.00	6,321.40	1,087,917.40	1,087,784.82	132.58
Regular Programs - Home Instruction:					
Salaries of Teachers	9,500.00	(3,981.61)	5,518.39	5,518.39	
Purchased Professional/Educational Services		16,300.00	16,300.00	11,438.80	4,861.20
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	36,672.00	408.11	37,080.11	36,755.83	324.28
Purchased Professional/Educational Services	178,100.00	(16,750.00)	161,350.00	136,838.76	24,511.24
Other Purchased Services	291,100.00	(16,489.30)	274,610.70	270,797.41	3,813.29
General Supplies	290,690.00	(127,822.00)	162,868.00	156,656.25	6,211.75
Textbooks	72,100.00	(15,000.00)	57,100.00	56,292.53	807.47
Other Objects	1,000.00		1,000.00		1,000.00
Total Regular Programs	4,030,611.00	(207,223.91)	3,823,387.09	3,780,927.09	42,460.00
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	67,489.00	(14,000.00)	53,489.00	53,431.00	58.00
Other Salaries for Instruction	46,916.00	13,589.97	60,505.97	60,505.77	0.20
Purchased Professional/Educational Services	7,800.00		7,800.00	1,927.59	5,872.41
General Supplies	4,499.00	(1,755.96)	2,743.04	2,743.04	
Total - Learning and/or Language Disabilities	126,704.00	(2,165.99)	124,538.01	118,607.40	5,930.61
Multiple Disabilities:					
Salaries of Teachers	62,357.00	413.03	62,770.03	62,770.03	
Other Salaries for Instruction	110,752.00	22,675.09	133,427.09	133,427.09	
Purchased Professional/Educational Services	8,800.00		8,800.00	6,171.33	2,628.67
General Supplies	5,197.00	964.47	6,161.47	5,877.72	283.75
Total - Multiple Disabilities	187,106.00	24,052.59	211,158.59	208,246.17	2,912.42
Resource Room/Center:					
Salaries of Teachers	700,387.00	80,799.73	781,186.73	780,646.23	540.50
Other Salaries for Instruction	18,699.00	(212.67)	18,486.33	18,294.00	192.33
Purchased Professional/Educational Services	22,000.00		22,000.00	16,272.61	5,727.39
General Supplies	4,488.00	(2,200.67)	2,287.33	1,743.23	544.10
Total - Resource Room/Center	745,574.00	78,386.39	823,960.39	816,956.07	7,004.32

(Continued)

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 76,076.00	\$ (18,765.71)	\$ 57,310.29	\$ 57,310.29	
Other Salaries for Instruction	50,004.00	(2,638.23)	47,365.77	47,365.77	
Purchased Professional/Educational Services	13,500.00		13,500.00	5,093.81	\$ 8,406.19
General Supplies	5,339.00	1,293.91	6,632.91	6,262.27	370.64
Total - Preschool Disabilities - Part-Time	<u>144,919.00</u>	<u>(20,110.03)</u>	<u>124,808.97</u>	<u>116,032.14</u>	<u>8,776.83</u>
Total - Special Education	<u>1,204,303.00</u>	<u>80,162.96</u>	<u>1,284,465.96</u>	<u>1,259,841.78</u>	<u>24,624.18</u>
Basic Skills/Remedial:					
Salaries of Teachers	337,716.00	(24,821.40)	312,894.60	312,894.60	
Purchased Professional/Educational Services	5,000.00	2,500.00	7,500.00	6,137.60	1,362.40
General Supplies	3,500.00	(1,000.00)	2,500.00	1,789.71	710.29
Total - Basic Skills/Remedial	<u>346,216.00</u>	<u>(23,321.40)</u>	<u>322,894.60</u>	<u>320,821.91</u>	<u>2,072.69</u>
Bilingual Education:					
General Supplies	500.00	-	500.00	90.96	409.04
School Sponsored Cocurricular Activities - Instruction:					
Salaries	56,389.00	(14,965.08)	41,423.92	29,533.20	11,890.72
Purchased Services (300-500 series)	2,500.00	(100.00)	2,400.00	79.40	2,320.60
Supplies and Materials	1,500.00	(350.00)	1,150.00	1,029.00	121.00
Other Objects	500.00	200.00	700.00	620.00	80.00
Total - School Sponsored Cocurricular Activities - Instruction	<u>60,889.00</u>	<u>(15,215.08)</u>	<u>45,673.92</u>	<u>31,261.60</u>	<u>14,412.32</u>
School- Sponsored Athletics - Instruction:					
Salaries	39,035.00	3,646.72	42,681.72	42,681.72	
Purchased Services (300-500 series)	5,000.00		5,000.00	4,802.50	197.50
Supplies and Materials	3,500.00	1,500.00	5,000.00	4,139.99	860.01
Other Objects	750.00		750.00	750.00	750.00
Total - School Sponsored Athletics - Instruction	<u>48,285.00</u>	<u>5,146.72</u>	<u>53,431.72</u>	<u>51,624.21</u>	<u>1,807.51</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within State-Regular	21,410.00	(1,496.00)	19,914.00	7,576.71	12,337.29
Tuition to CSSD & Reg. Day Schools	50,000.00	1,491.00	51,491.00	45,319.05	6,171.95
Tuition to Private School for the Disabled within State	185,000.00	(23,210.00)	161,790.00	109,092.53	52,697.47
Tuition - Other	5.00	5.00	5.00	5.00	
Total Undistributed Expenditures - Instruction	<u>256,410.00</u>	<u>(23,210.00)</u>	<u>233,200.00</u>	<u>161,993.29</u>	<u>71,206.71</u>
Total - Instruction	<u>5,947,214.00</u>	<u>(183,660.71)</u>	<u>5,763,553.29</u>	<u>5,606,560.84</u>	<u>156,992.45</u>

(Continued)

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures:					
Attendance and Social Work:					
Salaries	\$ 37,300.00	\$ (550.88)	\$ 36,749.12	\$ 36,749.12	-
Health Services:					
Salaries	164,090.00	13,555.10	177,645.10	177,644.79	\$ 0.31
Purchased Professional and Technical Services	9,000.00	(200.00)	8,800.00	6,306.00	2,494.00
Other Purchased Services	1,000.00		1,000.00	224.00	776.00
Supplies and Materials	6,920.00	(3,322.15)	3,597.85	3,448.84	149.01
Total Health Services	181,010.00	10,032.95	191,042.95	187,623.63	3,419.32
Speech, OT, PT & Related Services:					
Salaries	126,304.00	840.78	127,144.78	127,144.78	
Purchased Professional - Educational Services	50,000.00	27,000.00	77,000.00	73,764.06	3,235.94
Supplies and Materials	2,000.00	(1,124.00)	876.00	600.50	275.50
Total Speech, OT, PT & Related Services	178,304.00	26,716.78	205,020.78	201,509.34	3,511.44
Other Support Services-Students-Related Services:					
Salaries	157,088.00	2,104.36	159,192.36	159,192.34	0.02
Purchased Professional - Educational Services	103,000.00	19,500.00	122,500.00	100,146.25	22,353.75
Total - Other Support Services-Students-Related Services	260,088.00	21,604.36	281,692.36	259,338.59	22,353.77
Guidance:					
Salaries of Other Professional Staff	168,818.00	(665.90)	168,152.10	168,152.10	
Purchased Professional - Educational Services		500.00	500.00	500.00	
Supplies and Materials	1,500.00	(700.00)	800.00		800.00
Total Other Support Services - Students - Regular	170,318.00	(865.90)	169,452.10	168,652.10	800.00
Child Study Teams:					
Salaries of Other Professional Staff	196,168.00	(2,757.12)	193,410.88	193,406.22	4.66
Salaries of Secretarial and Clerical Assistants	46,584.00	(1,489.34)	45,094.66	45,094.66	
Unused Vacation Payment to Terminated/Retired Staff		6,812.56	6,812.56	6,812.56	
Purchased Professional - Educational Services	64,525.00	(22,500.00)	42,025.00	28,508.48	13,516.52
Other Purchased Services (400-500 series)	3,500.00		3,500.00	518.00	2,982.00
Supplies and Materials	6,000.00	(2,285.00)	3,715.00	3,714.68	0.32
Other Objects	2,945.00	(580.00)	2,365.00	1,815.00	550.00
Total Other Support Services - Students - Regular	319,722.00	(22,798.90)	296,923.10	279,869.60	17,053.50

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Improvement of Instruction Services/Other Support					
Services - Instructional Staff:					
Salaries of Secretary and Clerical Assistants	\$ 46,679.00	\$ 775.00	\$ 47,454.00	\$ 47,454.00	
Other Salaries	100,480.00	(15,480.16)	84,999.84	84,999.84	
Unused Vac. Payment to Terminated/Retired Staff		5,206.00	5,206.00	5,206.00	
Purchased Professional - Educational Services	52,000.00	(12,631.00)	39,369.00	15,947.44	\$ 23,421.56
Other Purchased Services	500.00	1,946.00	2,446.00	2,361.03	84.97
Supplies and Materials	19,500.00	(390.00)	19,110.00	10,290.62	8,819.38
Other Objects	4,000.00	185.00	4,185.00	4,155.00	30.00
	<u>223,159.00</u>	<u>(20,389.16)</u>	<u>202,769.84</u>	<u>170,413.93</u>	<u>32,355.91</u>
Total Improvement of Instruction Services/Other: Support Services - Instructional Staff					
	<u>223,159.00</u>	<u>(20,389.16)</u>	<u>202,769.84</u>	<u>170,413.93</u>	<u>32,355.91</u>
Educational Media Services/School Library:					
Salaries	213,968.00	10,949.73	224,917.73	224,917.73	
Salaries of Technology Coordinators	70,200.00	16,050.00	86,250.00	86,250.00	
Unused Vacation Payment to Terminated/Retired Staff		4,935.79	4,935.79	4,935.79	
Purchased Professional and Technical Services	3,000.00		3,000.00	1,424.80	1,575.20
Other Purchased Services	8,700.00		8,700.00	4,384.33	4,315.67
Supplies and Materials	18,150.00	350.00	18,500.00	15,975.98	2,524.02
Other Objects	700.00		700.00	90.44	609.56
	<u>314,718.00</u>	<u>32,285.52</u>	<u>347,003.52</u>	<u>337,979.07</u>	<u>9,024.45</u>
Total Educational Media Services/School Library					
	<u>314,718.00</u>	<u>32,285.52</u>	<u>347,003.52</u>	<u>337,979.07</u>	<u>9,024.45</u>
Instructional Staff Training Services:					
Purchased Professional- Educational Services	5,000.00	390.00	5,390.00	5,299.00	91.00
Other Purchased Services		500.00	500.00	142.06	357.94
	<u>5,000.00</u>	<u>890.00</u>	<u>5,890.00</u>	<u>5,441.06</u>	<u>448.94</u>
Total Instructional Staff Training Services					
	<u>5,000.00</u>	<u>890.00</u>	<u>5,890.00</u>	<u>5,441.06</u>	<u>448.94</u>
Support Services General Administration:					
Salaries	181,800.00	6,329.16	188,129.16	188,129.16	
Legal Services	38,683.00	(1,404.00)	37,279.00	33,493.72	3,785.28
Audit Fees	17,000.00	6,430.00	23,430.00	22,890.00	540.00
Architectural / Engineering Services	12,000.00	16,400.00	28,400.00	20,452.75	7,947.25
Other Purchased Professional Services	24,435.00	(8,540.00)	15,895.00	15,844.00	51.00
Communications/Telephone	48,000.00	14,600.00	62,600.00	40,451.37	22,148.63
BOE Other Purchased Services	2,400.00	(7.80)	2,392.20	2,269.00	123.20
Miscellaneous Purchased Services	14,000.00	845.00	14,845.00	7,890.06	6,954.94
General Supplies	2,000.00	(850.00)	1,150.00	1,086.12	63.88
BOE In-House Training/Meeting Supplies	200.00		200.00	182.00	18.00
Miscellaneous Expenditures	3,600.00	2,441.80	6,041.80	6,041.80	
BOE Membership Dues and Fees	9,000.00	(2,065.00)	6,935.00	6,788.52	146.48
	<u>353,118.00</u>	<u>34,179.16</u>	<u>387,297.16</u>	<u>345,518.50</u>	<u>41,778.66</u>
Total Support Services General Administration					
	<u>353,118.00</u>	<u>34,179.16</u>	<u>387,297.16</u>	<u>345,518.50</u>	<u>41,778.66</u>

(Continued)

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Support Services School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	\$ 242,718.00	\$ 6,636.96	\$ 249,354.96	\$ 249,354.96	
Salaries of Other Professionals Staff	24,550.00	(2,674.96)	21,875.04	21,875.04	
Salaries of Secretarial and Clerical Assistants	72,294.00	21,750.77	94,044.77	94,044.77	
Purchased Professional and Technical Services	5,000.00	34.64	5,034.64	5,034.64	
Other Purchased Services	2,600.00	215.36	2,815.36	1,755.80	\$ 1,059.56
Supplies and Materials	6,000.00	761.38	6,761.38	6,373.50	387.88
Other Objects	3,500.00		3,500.00	3,192.95	307.05
Total Support Services School Administration	356,662.00	26,724.15	383,386.15	381,631.66	1,754.49
Central Services:					
Salaries	222,376.00	3,078.02	225,454.02	225,454.02	
Purchased Technical Services	42,400.00	12,200.00	54,600.00	31,401.67	23,198.33
Miscellaneous Purchased Services	750.00	823.33	1,573.33	1,452.85	120.48
Supplies and Materials	2,529.25	800.12	3,329.37	3,141.76	187.61
Miscellaneous Expenditures	1,425.00	(23.45)	1,401.55	1,401.55	
Total Central Services	269,480.25	16,878.02	286,358.27	262,851.85	23,506.42
Administration of Information Technology:					
Other Purchased Services	500.00	(500.00)			
Supplies and Materials	1,250.00		1,250.00	857.04	392.96
Total Administration of Information Technology	1,750.00	(500.00)	1,250.00	857.04	392.96
Required Maintenance for School Facilities:					
Salaries	180,681.00	1,695.91	182,376.91	182,376.91	
Unused Vacation Payment to Terminated/Retired Staff	5,000.00	(5,000.00)			
Cleaning, Repair & Maintenance Services	155,444.83	31,211.00	186,655.83	182,364.82	4,291.01
General Supplies	61,184.80	(20,450.00)	40,734.80	37,634.63	3,100.17
Total - Required Maintenance for School Facilities	402,310.63	7,456.91	409,767.54	402,376.36	7,391.18
Custodial Services:					
Salaries	416,537.00	5,006.15	421,543.15	421,543.15	
Purchased Professional and Technical Services	33,829.00	(2,000.00)	31,829.00	29,722.55	2,106.45
Cleaning, Repair, and Maintenance Services	11,700.00	5,050.00	16,750.00	6,751.37	9,998.63
Other Purchased Property Services	3,826.00		3,826.00	1,917.50	1,908.50
Insurance	84,560.00		84,560.00	80,582.31	3,977.69
Miscellaneous Purchased Services	4,400.00	(100.00)	4,300.00	728.48	3,571.52
General Supplies	66,185.89	(29,250.00)	36,935.89	35,915.37	1,020.52
Energy (Natural Gas)	115,000.00	(10,000.00)	105,000.00	93,084.95	11,915.05
Energy (Electricity)	260,000.00		260,000.00	234,249.26	25,750.74
Other Objects		100.00	100.00	100.00	
Total - Custodial Services	996,037.89	(31,193.85)	964,844.04	904,594.94	60,249.10

(Continued)

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Care and Upkeep of Grounds					
Purchased Professional and Technical Service	\$ 11,775.00		\$ 11,775.00	\$ 11,620.13	\$ 154.87
Cleaning, Repair, and Maintenance Services	14,100.00	\$ 100.00	14,200.00	6,500.00	7,700.00
General Supply	13,350.00	(900.00)	12,450.00	11,238.74	1,211.26
Total - Care and Upkeep of Grounds	39,225.00	(800.00)	38,425.00	29,358.87	9,066.13
Security:					
Salaries	47,450.00	(2,616.32)	44,833.68	44,833.68	
Purchased Professional and Technical Service	6,326.00	(4,550.00)	1,776.00	1,276.00	500.00
Cleaning, Repair, and Maintenance	5,500.00		5,500.00	3,965.51	1,534.49
General Supplies	2,100.00	700.00	2,800.00	2,768.17	31.83
Total Security	61,376.00	(6,466.32)	54,909.68	52,843.36	2,066.32
Total - Operation and Maintenance of Plant Services	1,498,949.52	(31,003.26)	1,467,946.26	1,389,173.53	78,772.73
Student Transportation Services:					
Salaries of Non- Instructional Aides		5,715.51	5,715.51	5,715.51	
Salaries for Pupil Transportation (Between Home & School) - Regular	309,816.00	(26,340.93)	283,475.07	283,475.07	
Salaries for Pupil Transportation (Between Home & School) - Special	13,000.00	(10,607.50)	2,392.50	2,392.50	
Salaries for Pupil Transportation (Other than Between Home & School)	5,000.00	7,350.79	12,350.79	12,350.79	
Management Fee - ESC & CTSA Programs	500.00		500.00	250.00	250.00
Other Purchased Professional and Technical Services	3,115.00	450.00	3,565.00	3,548.00	17.00
Cleaning, Repair, and Maintenance Services	44,000.00	18,500.00	62,500.00	52,622.95	9,877.05
Lease Purchase Payments - School Bused	121,723.00	(57,000.00)	64,723.00	64,721.29	1.71
AIL for Non-Public	8,840.00	(3,840.00)	5,000.00	5,000.00	
Contr. Sev (Oth. Than Bet home & Sch)	600.00		600.00		600.00
Contract Services (Special Ed.)	17,500.00	10,500.00	28,000.00	25,221.10	2,778.90
Contracted Services (Regular Students) - ESC's and CTSA's	22,000.00	7000.00	29,000.00	28,207.70	792.30
Contracted Services (Special Education Students) - ESC's and CTSA's	10,500.00	9,430.00	19,930.00	18,900.00	1,030.00
Travel and Workshops		600.00	600.00	537.48	62.52
Miscellaneous Purchased Services - Transportation	400.00	100.00	500.00	500.00	
General Supplies	550.00	(500.00)	50.00	37.64	12.36
Transportation Supplies	100,000.00	8,500.00	108,500.00	104,062.13	4,437.87
Other Objects	3,297.00	1,950.00	5,247.00	4,851.00	396.00
Total Student Transportation Services	660,841.00	(28,192.13)	632,648.87	612,393.16	20,255.71

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Unallocated Benefits - Employee Benefits:					
Group Insurance		\$ 3,750.00	\$ 3,750.00	\$ 576.65	\$ 3,173.35
Social Security Contributions	\$ 203,700.00		203,700.00	183,227.92	20,472.08
Other Retirement Contributions - PERS	194,495.00		194,495.00	180,670.89	13,824.11
Other Retirement Contributions - Regular		6,200.00	6,200.00	5,091.93	1,108.07
Workmen's Compensation	95,130.00	(4,000.00)	91,130.00	84,207.69	6,922.31
Health Benefits	2,620,773.00	(75,000.00)	2,545,773.00	2,246,287.94	299,485.06
Tuition Reimbursement	59,500.00		59,500.00	28,378.80	31,121.20
Other Employee Benefits	183,310.00	16,050.00	199,360.00	151,221.07	48,138.93
Unused Sick Payment to Terminated/Retired Staff	40,000.00	(40,000.00)			
Total unallocated Benefits - Employee Benefits	3,396,908.00	(93,000.00)	3,303,908.00	2,879,662.89	424,245.11
TPAF Contributions:					
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				403,162.89	(403,162.89)
On-behalf TPAF Medical Contributions (non-budgeted)				484,467.00	(484,467.00)
On-behalf TPAF Pension Contributions (non-budgeted)				732,318.00	(732,318.00)
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				17,772.00	(17,772.00)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,114.00	(1,114.00)
Total TPAF Contributions	-	-	-	1,638,833.89	(1,638,833.89)
Total Undistributed Expenses	8,483,737.77	(51,199.29)	8,432,538.48	9,320,492.25	(887,953.77)
Interest Earned on Maintenance Reserve	20.00	-	20.00	-	20.00
Interest Earned on Current Expense Emergency Reserve	1.00	-	1.00	-	1.00
Total Expenditures - Current Expense	14,174,562.77	(211,650.00)	13,962,912.77	14,765,059.80	(802,147.03)
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	50.00	-	50.00	-	50.00
Equipment:					
Grades 1-5		12,600.00	12,600.00	12,600.00	
Grades 6-8	15,000.00	11,800.00	26,800.00	26,785.00	15.00
Undistributed Expended - Instruction	63,000.00	59,783.00	122,783.00	121,556.21	1,226.79
Undistributed Expended - Support Services - Inst. Staff	20,000.00	(20,000.00)			
Undistributed Expenditures - Required Maintenance of School Facilities	11,000.00	38,000.00	49,000.00	46,302.00	2,698.00
Total - Equipment	109,000.00	102,183.00	211,183.00	207,243.21	3,939.79
Assessment for Debt Service on SDA Funding	49,076.00	-	49,076.00	49,076.00	-
Total Capital Outlay	158,126.00	102,183.00	260,309.00	256,319.21	3,989.79
Total Expenditures	14,332,688.77	(109,467.00)	14,223,221.77	15,021,379.01	(798,157.24)

(Continued)

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

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,101,997.77)	-	\$ (1,101,997.77)	\$ (50,638.11)	\$ (1,051,359.66)
Other Financing Sources (Uses):					
Capital Reserve - Transfer to Capital Projects	-	-	-	(592,000.00)	592,000.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,101,997.77)	-	(1,101,997.77)	(642,638.11)	459,359.66
Fund Balances, July 1	3,405,318.56	-	3,405,318.56	3,405,318.56	-
Fund Balances, June 30	\$ 2,303,320.79	-	\$ 2,303,320.79	\$ 2,762,680.45	\$ 459,359.66
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus				\$ 750,000.00	
Excess Surplus -- Designated for Subsequent Year's Expenditures				487,612.66	
Emergency Reserve				63.11	
Capital Reserve				841,874.61	
Maintenance Reserve				174,678.05	
Assigned Fund Balance:					
Other Purposes				56,419.78	
Designated for Subsequent Year's Expenditures				118,090.34	
Unassigned Fund Balance				333,941.90	
				2,762,680.45	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(536,948.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,225,732.45	

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Toshiba Grant		\$ 2.09	\$ 2.09	\$ 2.09	
Tabernacle Education Foundation Grant		3.94	3.94	3.94	
Sustainable Jersey Small School Grant		4,151.55	4,151.55	4,151.55	
Total - Local Sources	-	4,157.58	4,157.58	4,157.58	-
Federal Sources:					
Title I, Part A	\$ 36,575.00	23,007.05	59,582.05	59,582.05	
Title II, Part A	18,224.00	(2,640.00)	15,584.00	15,584.00	
Title III		1,530.00	1,530.00	1,530.00	
Title IV		5,000.00	5,000.00	5,000.00	
I.D.E.A., Part B, Basic	142,861.00	30,248.00	173,109.00	173,109.00	
I.D.E.A., Part B, Preschool		8,514.86	8,514.86	8,514.86	
Total - Federal Sources	197,660.00	65,659.91	263,319.91	263,319.91	-
Total Revenues	\$ 197,660.00	\$ 69,817.49	\$ 267,477.49	\$ 267,477.49	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 30,263.27	\$ 24,650.73	\$ 54,914.00	\$ 54,914.00	
Tuition	142,861.00	30,248.00	173,109.00	173,109.00	
General Supplies	1,155.31	8,536.18	9,691.49	9,691.49	
Total Instruction	174,279.58	63,434.91	237,714.49	237,714.49	-
Support Services:					
Personal Services - Employee Benefits	5,156.42	3,673.58	8,830.00	8,830.00	
Purchased Professional - Educational Services	18,224.00	1,276.00	19,500.00	19,500.00	
Other Purchased Services		349.00	349.00	349.00	
Supplies and Materials		1,084.00	1,084.00	1,084.00	
Total Support Services	23,380.42	6,382.58	29,763.00	29,763.00	-
Total Expenditures	\$ 197,660.00	\$ 69,817.49	\$ 267,477.49	\$ 267,477.49	-

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT

Required Supplementary Information
 Budget-to-GAAP Reconciliation
 For the Fiscal Year Ended June 30, 2018

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

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 14,970,740.90	\$ 267,477.49
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		3,879.13
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2017.	532,166.00	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2018.	<u>(536,948.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 14,965,958.90</u>	<u>\$ 271,356.62</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 15,021,379.01	\$ 267,477.49
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>3,879.13</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 15,021,379.01</u>	<u>\$ 271,356.62</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

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

	<u>Measurement Date Ending June 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0192060995%	0.0196882949%	0.0199201657%	0.0207264664%	0.0230472074%
School District's Proportionate Share of the Net Pension Liability	\$ 4,470,873.00	\$ 5,831,108.00	\$ 4,471,678.00	\$ 3,880,561.00	\$ 4,404,779.00
School District's Covered Payroll (Plan Measurement Period)	\$ 1,523,964.00	\$ 1,406,200.00	\$ 1,528,200.00	\$ 1,502,512.00	\$ 1,589,872.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	293.37%	414.67%	292.61%	258.27%	277.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	<u>Fiscal Year Ended June 30,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 221,918.00	\$ 177,924.00	\$ 174,908.00	\$ 171,260.00	\$ 170,866.00
Contributions in Relation to the Contractually Required Contribution	<u>(221,918.00)</u>	<u>(177,924.00)</u>	<u>(174,908.00)</u>	<u>(171,260.00)</u>	<u>(170,866.00)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District's Covered Payroll (Fiscal Year)	\$ 1,504,355.00	\$ 1,376,373.00	\$ 1,408,876.00	\$ 1,340,477.00	\$ 1,387,013.00
Contributions as a Percentage of School District's Covered Payroll	14.75%	12.93%	12.41%	12.78%	12.32%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
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 for those years for which information is available.

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

	Measurement Date Ending June 30,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	-	-	-	-	-
State's Proportionate Share of the School District's Net Pension Liability	<u>\$ 38,081,754.00</u>	<u>\$ 45,035,825.00</u>	<u>\$ 33,371,372.00</u>	<u>\$ 29,985,708.00</u>	<u>\$ 28,836,785.00</u>
	<u>\$ 38,081,754.00</u>	<u>\$ 45,035,825.00</u>	<u>\$ 33,371,372.00</u>	<u>\$ 29,985,708.00</u>	<u>\$ 28,836,785.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 6,253,872.00	\$ 6,750,468.00	\$ 6,774,808.00	\$ 6,160,916.00	\$ 6,590,036.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	608.93%	667.15%	492.58%	486.71%	437.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

This schedule is not applicable.

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

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

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

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

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

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

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

REQUIRED SUPPLEMENTARY INFORMATION
PART IV

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

	Measurement Date Ending <u>June 30,</u> <u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District	
Changes for the Year:	
Service Cost	\$ 1,264,711.00
Interest Cost	1,445,751.00
Changes in Assumptions	(5,733,501.00)
Gross Benefit Payments	(1,063,709.00)
Member Contributions	<u>39,168.00</u>
Net Change in Total Non-Employer OPEB Liability	(4,047,580.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	<u>49,972,068.00</u>
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 45,924,488.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 6,845,748.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	670.85%

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

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

Changes of Benefit Terms - None

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

	E.S.E.A.				I.D.E.A. Part B		Total Brought Forward
	<u>Total</u>	<u>Title I, Part A</u>	<u>Title II, Part A</u>	<u>Title III</u>	<u>Title IV</u>	<u>Basic</u>	
REVENUES:							
Federal Sources	\$ 263,319.91	\$ 59,582.05	\$ 15,584.00	\$ 1,530.00	\$ 5,000.00	\$ 173,109.00	\$ 8,514.86
Local Sources	4,157.58						
Total Revenues	<u>\$ 267,477.49</u>	<u>\$ 59,582.05</u>	<u>\$ 15,584.00</u>	<u>\$ 1,530.00</u>	<u>\$ 5,000.00</u>	<u>\$ 173,109.00</u>	<u>\$ 8,514.86</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 54,914.00	\$ 49,300.00					\$ 5,614.00
Tuition	173,109.00					\$ 173,109.00	
General Supplies	9,691.49	1,882.05		\$ 1,181.00			2,470.86
Total Instruction	<u>237,714.49</u>	<u>51,182.05</u>	<u>-</u>	<u>1,181.00</u>	<u>-</u>	<u>173,109.00</u>	<u>8,084.86</u>
Support Services:							
Personal Services - Employee Benefits	8,830.00	8,400.00					430.00
Purchased Professional - Educational Services	19,500.00		\$ 14,500.00		\$ 5,000.00		
Other Purchased Services	349.00			349.00			
Supplies and Materials	1,084.00		1,084.00				
Total Support Services	<u>29,763.00</u>	<u>8,400.00</u>	<u>15,584.00</u>	<u>349.00</u>	<u>5,000.00</u>	<u>-</u>	<u>430.00</u>
Total Expenditures	<u>\$ 267,477.49</u>	<u>\$ 59,582.05</u>	<u>\$ 15,584.00</u>	<u>\$ 1,530.00</u>	<u>\$ 5,000.00</u>	<u>\$ 173,109.00</u>	<u>\$ 8,514.86</u>

(Continued)

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

	<u>Total Carried Forward</u>	<u>Toshiba Grant</u>	<u>Tabernacle Education Foundation Grant</u>	<u>2016-2017 Sustainable Jersey Small School Grant</u>	<u>2017-2018 Sustainable Jersey Small School Grant</u>
REVENUES:					
Federal Sources					
Local Sources	\$ 4,157.58	\$ 2.09	\$ 3.94	\$ 2,151.55	\$ 2,000.00
Total Revenues	<u>\$ 4,157.58</u>	<u>\$ 2.09</u>	<u>\$ 3.94</u>	<u>\$ 2,151.55</u>	<u>\$ 2,000.00</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Tuition					
General Supplies	\$ 4,157.58	\$ 2.09	\$ 3.94	\$ 2,151.55	\$ 2,000.00
Total Instruction	<u>4,157.58</u>	<u>2.09</u>	<u>3.94</u>	<u>2,151.55</u>	<u>2,000.00</u>
Support Services:					
Personal Services - Employee Benefits					
Purchased Professional - Educational Services					
Other Purchased Services					
Supplies and Materials					
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 4,157.58</u>	<u>\$ 2.09</u>	<u>\$ 3.94</u>	<u>\$ 2,151.55</u>	<u>\$ 2,000.00</u>

CAPITAL PROJECTS FUND

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2018

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancellations</u>	<u>Unexpended Balance June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Kenneth R. Olson Middle School Boiler Room Replacement State Project # 5130-040-18-2000	1/18/2018	\$ 1,022,000.00	-	\$ 77,708.94	-	\$ 944,291.06
Reconciliation to Governmental Funds Statements (GAAP):						
Unexpended Balance as of June 30, 2018						\$ 944,291.06
SDA Grant Revenue Not Recognized on GAAP Basis						-
Fund Balance per Governmental Funds (GAAP)						\$ 944,291.06

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2018

Revenues and Other Financing Sources		
State Sources--SDA Grant		
Bond Proceeds and Transfers		
Lease Proceeds	\$	430,000.00
Transfer from Capital Reserve		<u>592,000.00</u>
 Total Revenues		 <u>1,022,000.00</u>
Expenditures and Other Financing Uses		
Purchased Professional and Technical Services	\$	62,829.44
Construction Services		<u>14,879.50</u>
 Total Expenditures		 <u>77,708.94</u>
Other Financing Uses:		
Cancellation of SDA Grant		
Transfer to General Fund -- Capital Reserve		
 Total Other Financing Uses		 <u>-</u>
 Total Expenditures and Other Financing Uses		 <u>77,708.94</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures		 944,291.06
 Fund Balance -- July 1		 <u>-</u>
 Fund Balance -- June 30		 <u>\$ 944,291.06</u>
 Reconciliation to Governmental Funds Statements (GAAP):		
Fund Balance as of June 30, 2018	\$	944,291.06
SDA Grant Revenue Not Recognized on GAAP Basis		
 Fund Balance per Governmental Funds (GAAP)		 <u>\$ 944,291.06</u>

Note: For F-2 Exhibits, SDA Grant awards are recognized as revenue and encumbrances are not included in expenditures.

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Kenneth R. Olson Middle School Boiler Room Replacement
 For the Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--SDA Grant				
Bond Proceeds and Transfers				
Lease Proceeds		\$ 430,000.00	\$ 430,000.00	\$ 430,000.00
Transfer from Capital Reserve		592,000.00	592,000.00	592,000.00
Total Revenues	<u>-</u>	<u>1,022,000.00</u>	<u>1,022,000.00</u>	<u>1,022,000.00</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		62,829.44	62,829.44	190,000.00
Construction Services		14,879.50	14,879.50	832,000.00
Transfer to General Fund -- Capital Reserve				
Transfer to Debt Service Fund				
Total Expenditures	<u>-</u>	<u>77,708.94</u>	<u>77,708.94</u>	<u>1,022,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>\$ 944,291.06</u>	<u>\$ 944,291.06</u>	<u>-</u>
Designated for Subsequent Years Expenditures			\$ 340,398.56	
Encumbrances			<u>603,892.50</u>	
			<u>\$ 944,291.06</u>	

Additional Project Information:

Project Number	5130-040-18-2000
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,022,000.00
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,022,000.00
Percentage Increase over Original Authorized Cost	
Percentage Completion	8%
Original Target Completion Date	6/30/2019
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
Proprietary Fund
Business Type Activities - Enterprise Fund
Statement of Net Position
June 30, 2018

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 35,482.21
Accounts Receivable:	
State	153.92
Federal	3,086.89
Other	1,133.17
Inventories	7,584.84
Total Current Assets	47,441.03
Noncurrent Assets:	
Capital Assets:	
Furniture, Fixtures and Equipment	172,764.50
Less Accumulated Depreciation	(120,549.05)
Total Noncurrent Assets	52,215.45
Total Assets	99,656.48
LIABILITIES:	
Current Liabilities:	
Unearned Revenue	7,740.24
NET POSITION:	
Net Investment in Capital Assets	52,215.45
Unrestricted	39,700.79
Total Net Position	\$ 91,916.24

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
Proprietary Fund
Business Type Activities - Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Lunch Program	\$ 90,406.25
Daily Sales - Non-Reimbursable Programs	85,673.59
Special Functions	<u>3,324.83</u>
Total Operating Revenues	<u>179,404.67</u>
OPERATING EXPENSES:	
Salaries	94,947.35
Employee Benefits	17,102.34
General Supplies	6,487.90
Depreciation	7,207.99
Administrative Fee	25,055.10
Other Purchased Services	10,797.31
Cost of Sales - Reimbursable Programs	59,182.01
Cost of Sales - Non-Reimbursable Programs	<u>33,623.61</u>
Total Operating Expenses	<u>254,403.61</u>
Operating Income / (Loss)	<u>(74,998.94)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	2,250.95
Federal Sources:	
National School Lunch Program	45,042.49
Food Distribution Program	<u>18,949.30</u>
Total Nonoperating Revenues (Expenses)	<u>66,242.74</u>
Change in Net Position	(8,756.20)
Net Position -- July 1	<u>100,672.44</u>
Net Position -- June 30	<u><u>\$ 91,916.24</u></u>

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
Proprietary Fund
Business Type Activities - Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 180,803.36
Payments to Employees	(94,947.35)
Payments for Employee Benefits	(17,102.34)
Payments for Supplies and Services	<u>(136,393.10)</u>
Net Cash Provided by (used for) Operating Activities	<u>(67,639.43)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	2,492.61
Federal Sources	<u>71,022.02</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>73,514.63</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,875.20
Cash and Cash Equivalents -- July 1	<u>29,607.01</u>
Cash and Equivalents -- June 30	<u><u>\$ 35,482.21</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (74,998.94)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	7,207.99
(Increase) Decrease in Accounts Receivable	372.29
(Increase) Decrease in Inventories	(1,247.17)
Increase (Decrease) in Unearned Revenue	<u>1,026.40</u>
Total Adjustments	<u>7,359.51</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (67,639.43)</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
Food Distribution Program	<u><u>\$ 18,949.30</u></u>

FIDUCIARY FUNDS

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

	<u>Private Purpose Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and Cash Equivalents	\$ 10,744.96	\$ 74,011.90	\$ 35,850.94	\$ 73,526.08	\$ 194,133.88
Accounts Receivable:					
Interfund Accounts Receivable:					
Due Unemployment Fund				4,757.90	4,757.90
Total Assets	<u>10,744.96</u>	<u>74,011.90</u>	<u>\$ 35,850.94</u>	<u>\$ 78,283.98</u>	<u>198,891.78</u>
LIABILITIES:					
Interfund Accounts Payable:					
Due General Fund		1.00		\$ 1,670.00	1,671.00
Due Payroll Fund		4,757.90			4,757.90
Payable to Student Groups			\$ 35,850.94		35,850.94
Payroll Deductions and Withholdings				76,613.98	76,613.98
Total Liabilities	<u>-</u>	<u>4,758.90</u>	<u>\$ 35,850.94</u>	<u>\$ 78,283.98</u>	<u>118,893.82</u>
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 10,744.96</u>	<u>\$ 69,253.00</u>			<u>\$ 79,997.96</u>

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Funds	
	Scholarship Trust	Unemployment Compensation Trust
ADDITIONS:		
Contributions and Donations from		
Payroll Deductions Withheld		\$ 13,606.20
Scholarship Donations	\$ 900.00	
Total Additions	900.00	13,606.20
DEDUCTIONS:		
Scholarship Awards	500.00	
Unemployment Claims		35,890.73
Total Deductions	500.00	35,890.73
Change in Net Position	400.00	(22,284.53)
Net Position -- July 1	10,344.96	91,537.53
Net Position -- June 30	\$ 10,744.96	\$ 69,253.00

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
ELEMENTARY SCHOOLS:				
Tabernacle Elementary School	\$ 8,459.92	\$ 25,043.47	\$ 25,221.57	\$ 8,281.82
MIDDLE SCHOOLS:				
Kenneth R. Olson Middle School	<u>29,756.94</u>	<u>22,877.16</u>	<u>25,064.98</u>	<u>27,569.12</u>
Total All Schools	<u><u>\$ 38,216.86</u></u>	<u><u>\$ 47,920.63</u></u>	<u><u>\$ 50,286.55</u></u>	<u><u>\$ 35,850.94</u></u>

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

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 24,675.93	\$ 8,809,767.83	\$ 8,760,917.68	\$ 73,526.08
Interfund Accounts Receivable:				
Due Unemployment	<u>5,000.55</u>	<u>13,363.55</u>	<u>13,606.20</u>	<u>4,757.90</u>
Total Assets	<u><u>\$ 69,019.46</u></u>	<u><u>\$ 8,823,131.38</u></u>	<u><u>\$ 8,774,523.88</u></u>	<u><u>\$ 78,283.98</u></u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 28,006.48	\$ 3,897,761.38	\$ 3,849,153.88	\$ 76,613.98
Net Payroll		4,925,370.00	4,925,370.00	
Interfund Accounts Payable:				
Due General Fund	<u>1,670.00</u>	<u></u>	<u></u>	<u>1,670.00</u>
Total Liabilities	<u><u>\$ 69,019.46</u></u>	<u><u>\$ 8,823,131.38</u></u>	<u><u>\$ 8,774,523.88</u></u>	<u><u>\$ 78,283.98</u></u>

LONG-TERM DEBT

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
2013 Refunding Bond Issue	10/18/2013	\$ 6,250,000.00	9/1/2018	\$ 705,000.00	4.000%	<u>\$ 4,565,000.00</u>		<u>\$ 685,000.00</u>	<u>\$ 3,880,000.00</u>
			9/1/2019	715,000.00	3.000%				
			9/1/2020	700,000.00	3.000%				
			9/1/2021	690,000.00	3.000%				
			9/1/2022	360,000.00	3.125%				
			9/1/2023	360,000.00	3.125%				
			9/1/2024	350,000.00	3.125%				
					<u>\$ 4,565,000.00</u>	<u>-</u>	<u>\$ 685,000.00</u>	<u>\$ 3,880,000.00</u>	

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

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Amount Outstanding June 30, 2017(a)</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2018(a)</u>
			<u>Principal</u>	<u>Interest</u>				
Two (2) School Busses	09/03/13	5 years	\$ 131,589.64	\$ 6,366.97	\$ 26,938.89		\$ 26,938.89	
Two (2) School Busses	10/01/15	5 years	93,948.82	4,376.02	56,098.01		18,268.52	\$ 37,829.49
School Bus	05/01/16	5 years	83,747.15	6,450.01	48,728.62		15,614.76	33,113.86
OMS Boiler Room Replacement	04/30/18	5 years	430,000.00	32,301.45		\$ 430,000.00		430,000.00
					<u>\$ 131,765.52</u>	<u>\$ 430,000.00</u>	<u>\$ 60,822.17</u>	<u>\$ 500,943.35</u>

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

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 727,423.00		\$ 727,423.00	\$ 727,423.00	
State Sources:					
Debt Service Aid Type II	<u>92,640.00</u>		<u>92,640.00</u>	<u>92,640.00</u>	
Total Revenues	<u>820,063.00</u>	-	<u>820,063.00</u>	<u>820,063.00</u>	-
EXPENDITURES:					
Regular Debt Service:					
Interest	135,063.00		135,063.00	135,062.50	\$ 0.50
Redemption of Principal	<u>685,000.00</u>		<u>685,000.00</u>	<u>685,000.00</u>	
Total Regular Debt Service	<u>820,063.00</u>	-	<u>820,063.00</u>	<u>820,062.50</u>	0.50
Total Expenditures	<u>820,063.00</u>	-	<u>820,063.00</u>	<u>820,062.50</u>	0.50
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	0.50	(0.50)
Fund Balance (Deficit), July 1	<u>38,866.68</u>	-	<u>38,866.68</u>	<u>38,866.68</u>	-
Fund Balance (Deficit), June 30	<u>\$ 38,866.68</u>	-	<u>\$ 38,866.68</u>	<u>\$ 38,867.18</u>	<u>\$ (0.50)</u>

STATISTICAL SECTION

Financial Trends Information

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

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net Invested in Capital Assets	\$ 8,784,347.53	\$ 8,754,732.81	\$ 8,365,701.52	\$ 7,849,778.80	\$ 7,495,270.98	\$ 7,405,988.04	\$ 6,846,584.00	\$ 7,252,242.00	\$ 7,242,312.00	\$ 6,728,882.00
Restricted	3,198,519.49	2,955,891.92	3,486,924.66	3,200,790.52	2,622,631.46	1,783,326.14	1,980,119.00	1,290,490.00	729,758.00	2,028,103.00
Unrestricted (Deficit)	(5,144,388.19)	(5,183,290.21)	(5,044,802.72)	(4,967,952.29)	(500,490.75)	(11,826.51)	(33.00)	(184,982.00)	130,545.00	406,059.00
Total Governmental Activities Net Position	\$ 6,838,478.83	\$ 6,527,334.52	\$ 6,807,823.46	\$ 6,082,617.03	\$ 9,617,411.69	\$ 9,177,487.67	\$ 8,826,670.00	\$ 8,357,750.00	\$ 8,102,615.00	\$ 9,163,044.00
Business-type Activities:										
Net Invested in Capital Assets	\$ 52,215.45	\$ 59,423.44	\$ 66,631.43	\$ 74,199.42	\$ 78,351.24	\$ 66,279.41	\$ 66,279.41	\$ 29,904.00		\$ 189.00
Unrestricted (Deficit)	39,700.79	41,249.00	40,347.68	27,520.24	28,290.36	29,856.43	29,856.43	39,215.00	\$ 68,042.00	57,361.00
Total Business-type Activities Net Position	\$ 91,916.24	\$ 100,672.44	\$ 106,979.11	\$ 101,719.66	\$ 106,641.60	\$ 96,135.84	\$ 96,135.84	\$ 69,119.00	\$ 68,042.00	\$ 57,550.00
District-wide:										
Net Invested in Capital Assets	\$ 8,836,562.98	\$ 8,814,156.25	\$ 8,432,332.95	\$ 7,923,978.22	\$ 7,573,622.22	\$ 7,472,267.45	\$ 6,912,863.41	\$ 7,282,146.00	\$ 7,242,312.00	\$ 6,729,071.00
Restricted	3,198,519.49	2,955,891.92	3,486,924.66	3,200,790.52	2,622,631.46	1,783,326.14	1,980,119.00	1,290,490.00	729,758.00	2,028,103.00
Unrestricted (Deficit)	(5,104,687.40)	(5,142,041.21)	(5,004,455.04)	(4,940,432.05)	(472,200.39)	18,029.92	29,823.43	(145,767.00)	198,587.00	463,420.00
Total District-wide Net Position	\$ 6,930,395.07	\$ 6,628,006.96	\$ 6,914,802.57	\$ 6,184,336.69	\$ 9,724,053.29	\$ 9,273,623.51	\$ 8,922,805.84	\$ 8,426,869.00	\$ 8,170,657.00	\$ 9,220,594.00

Source: Exhibit A-1

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

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
<u>Governmental Activities:</u>										
Instruction:										
Regular	\$ 3,793,587	\$ 3,966,302	\$ 3,757,047	\$ 3,710,827	\$ 4,205,992	\$ 4,360,444	\$ 4,943,421	\$ 4,797,415	\$ 5,089,415	\$ 5,128,843
Special Education	1,328,251	1,327,326	1,230,782	1,171,934	1,169,530	1,078,876	1,530,608	1,506,929	1,637,390	1,565,207
Other Special Education	320,913	257,726	271,795	271,930	253,571	202,108	409,818	445,891	447,050	434,065
Other Instruction	82,886	61,813	69,633	69,254	58,483	68,553	120,367	127,374	115,932	96,861
Adult/Continuing Education Programs							3,920	9,131	9,285	10,359
Tuition	335,102	371,920	214,593	139,473	54,436	67,459	19,508	44,072	63,339	5,280
Support Services:										
Student and Instruction Related Services	1,668,509	1,690,711	1,542,127	1,535,176	1,572,401	1,459,592	2,169,711	2,117,808	2,167,241	2,041,717
School Administrative Services	381,632	364,311	365,927	407,295	440,066	356,562	341,410	353,877	381,803	387,935
Other Administrative Services	669,880	759,712	673,390	627,720	658,347	674,442	747,647	715,648	761,039	737,234
Central Services										
Plant Operations and Maintenance	1,425,120	1,470,680	1,313,388	1,175,336	1,232,188	1,202,391	1,342,494	1,396,902	1,453,390	1,449,533
Pupil Transportation	597,294	535,509	489,603	460,085	516,938	503,174	932,392	747,688	729,917	745,176
Unallocated Benefits	7,588,991	6,565,761	2,799,582	2,591,556	2,614,505	2,587,049				
Reimbursement TPAF Pension and Social Security	404,277	919,659	1,386,351	1,147,740	1,042,878	1,183,422				
Interest on Long-term Debt	142,501	161,814	231,378	254,647	354,585	348,610	333,628	365,898	349,244	366,445
Reduction in Compensated Absences								246,376	(73,136)	(35,268)
Unallocated Amortization							38,761	38,762	38,762	38,762
Capital Asset Adjustment Due To Appraisal							396,835			
Unallocated Depreciation	452,140	472,915	488,178	466,597			570,090	635,000	632,462	632,462
Total Governmental Activities Expenses	19,191,083	18,926,160	14,833,774	14,029,571	14,173,921	14,092,682	14,232,565	13,915,972	14,193,359	14,001,169
<u>Business-type Activities:</u>										
Food Service	254,404	252,169	256,842	262,294	266,689	263,734	258,656	254,928	278,018	279,645
Community Program								21,846	13,515	9,907
Total Business-type Activities Expense	254,404	252,169	256,842	262,294	266,689	263,734	258,656	276,774	291,533	289,552
Total District Expenses	\$ 19,445,487	\$ 19,178,329	\$ 15,090,616	\$ 14,291,864	\$ 14,440,610	\$ 14,356,416	\$ 14,491,221	\$ 14,192,746	\$ 14,484,892	\$ 14,290,721
Program Revenues:										
<u>Governmental Activities:</u>										
Operating Grants and Contributions	\$ 5,370,297	\$ 4,592,563	\$ 1,691,626	\$ 1,433,807	\$ 1,337,344	\$ 1,569,696				
Charges for Services	124,849	109,743	119,287	226,766	179,124	156,142				
Capital Grants and Contributions							\$ 395,306	\$ 540,640	\$ 442,231	\$ 519,555
Total Governmental Activities Program Revenues	5,495,146	4,702,306	1,810,913	1,660,574	1,516,468	1,725,838	395,306	540,640	442,231	519,555
<u>Business-type activities:</u>										
Charges for Services										
Food Service	179,405	179,437	192,093	181,337	183,548	186,880	181,649	195,549	214,326	235,228
Community Program								17,526	13,874	13,683
Capital Grants and Contributions				3,890	19,190	33,924				
Operating Grants and Contributions	66,243	66,425	70,008	72,145	74,358	69,719	77,606	73,562	67,448	60,503
Total Business-type Activities Program Revenues	245,647	245,862	262,102	257,372	277,096	290,524	259,255	286,637	295,648	309,414
Total District Program Revenues	\$ 5,740,794	\$ 4,948,168	\$ 2,073,015	\$ 1,917,945	\$ 1,793,564	\$ 2,016,362	\$ 654,561	\$ 827,277	\$ 737,879	\$ 828,969

(Continued)

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (Expense)/Revenue:										
Governmental Activities	\$ (13,695,937)	\$ (14,223,854)	\$ (13,022,861)	\$ (12,368,997)	\$ (12,657,454)	\$ (12,366,844)	\$ (13,837,259)	\$ (13,375,332)	\$ (13,751,128)	\$ (13,481,614)
Business-type Activities	(8,756)	(6,307)	5,260	(4,922)	10,407	26,790	599	9,863	4,115	19,862
Total District-wide Net Expense	<u>\$ (13,704,693)</u>	<u>\$ (14,230,161)</u>	<u>\$ (13,017,601)</u>	<u>\$ (12,373,919)</u>	<u>\$ (12,647,047)</u>	<u>\$ (12,340,054)</u>	<u>\$ (13,836,660)</u>	<u>\$ (13,365,469)</u>	<u>\$ (13,747,013)</u>	<u>\$ (13,461,752)</u>
General Revenues and Other Changes in Net Assets:										
<u>Governmental Activities:</u>										
Property Taxes Levied for General Purposes, Net	\$ 7,528,276	\$ 7,380,663	\$ 7,108,411	\$ 6,778,362	\$ 6,504,183	\$ 6,504,183	\$ 6,439,785	\$ 6,460,884	\$ 6,438,192	\$ 6,267,454
Taxes Levied for Debt Service	727,423	722,517	733,700	701,912	766,936	779,914	787,102	798,527	737,458	693,803
Federal and State Aid Not Restricted	5,472,070	5,669,334	5,554,275	5,601,052	5,652,261	5,526,032				
Federal and State Aid Restricted	77,382	75,065	272,461	72,477	75,473	71,513				
Unrestricted Grants and Contributions							6,663,788	6,127,140	5,684,517	6,403,747
Tuition Received							311,182	151,921	83,717	107,928
Miscellaneous	201,930	95,786	79,221	85,178	98,524	119,556	104,322	91,995	79,948	73,942
Cancellation of Prior Year Accounts Receivable						(143,406)				(12,930)
Total Governmental Activities	<u>14,007,081</u>	<u>13,943,365</u>	<u>13,748,067</u>	<u>13,238,982</u>	<u>13,097,378</u>	<u>12,857,793</u>	<u>14,306,179</u>	<u>13,630,467</u>	<u>13,023,832</u>	<u>13,533,944</u>
<u>Business-type Activities:</u>										
Investment Earnings							478	629	386	106
Miscellaneous					99	227				
Total Business-type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99</u>	<u>227</u>	<u>478</u>	<u>629</u>	<u>386</u>	<u>106</u>
Total District-wide	<u>\$ 14,007,081</u>	<u>\$ 13,943,365</u>	<u>\$ 13,748,067</u>	<u>\$ 13,238,982</u>	<u>\$ 13,097,477</u>	<u>\$ 12,858,019</u>	<u>\$ 14,306,657</u>	<u>\$ 13,631,096</u>	<u>\$ 13,024,218</u>	<u>\$ 13,534,050</u>
Change in Net Position:										
Governmental Activities	\$ 311,144	\$ (280,489)	\$ 725,207	\$ 869,984	\$ 439,924	\$ 490,949	\$ 468,920	\$ 255,135	\$ (727,296)	\$ 52,330
Business-type Activities	(8,756)	(6,307)	5,260	(4,922)	10,506	27,017	1,077	10,492	4,501	19,968
Total District	<u>\$ 302,388</u>	<u>\$ (286,796)</u>	<u>\$ 730,467</u>	<u>\$ 865,062</u>	<u>\$ 450,430</u>	<u>\$ 517,965</u>	<u>\$ 469,997</u>	<u>\$ 265,627</u>	<u>\$ (722,795)</u>	<u>\$ 72,298</u>

Source: Exhibit A-2

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

For the fiscal year ended June 30, 2018, the School District adopted GASBS No. 75, which required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. Revenues and expenses prior to June 30, 2018 are shown as originally reported and have not been restated for this adoption.

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>General Fund:</u>										
Restricted	\$ 2,254,228.43	\$ 2,955,891.92	\$ 3,129,965.89	\$ 2,755,893.17	\$ 2,370,699.34	\$ 1,537,527.99	\$ 1,741,934.00	\$ 950,417.00	\$ 1,028,564.00	\$ 1,890,016.00
Assigned	174,510.12	47,753.96	177,143.27	143,781.87	176,522.97	198,334.00	165,551.00	41,841.00	(577,770.00)	(320,175.00)
Unassigned (Deficit)	<u>(203,006.10)</u>	<u>(130,493.32)</u>	<u>(257,963.84)</u>	<u>(199,389.00)</u>	<u>(133,872.00)</u>	<u>338,060.87</u>				
Total General Fund	<u>\$ 2,225,732.45</u>	<u>\$ 2,873,152.56</u>	<u>\$ 3,049,145.32</u>	<u>\$ 2,700,286.04</u>	<u>\$ 2,413,350.31</u>	<u>\$ 2,073,922.86</u>	<u>\$ 1,907,485.00</u>	<u>\$ 992,258.00</u>	<u>\$ 450,794.00</u>	<u>\$ 1,569,841.00</u>
<u>All Other Governmental Funds:</u>										
Reserved										\$ 498,959.00
Restricted for:										
Debt Service Fund	\$ 38,867.18	\$ 38,866.18	\$ 38,866.18	\$ 0.50	\$ 40,821.00	\$ (12,212.66)	\$ (12,213.00)	\$ (12,213.00)	\$ (14,363.00)	
Capital Projects Fund	<u>944,291.06</u>		<u>179,815.50</u>	<u>301,115.48</u>	<u>102,383.98</u>	<u>153,483.98</u>	<u>449,559.00</u>	<u>458,443.00</u>	<u>478,419.00</u>	<u>461,845.00</u>
Total All Other Governmental Funds	<u>\$ 983,158.24</u>	<u>\$ 38,866.18</u>	<u>\$ 218,681.68</u>	<u>\$ 301,115.98</u>	<u>\$ 143,204.98</u>	<u>\$ 141,271.32</u>	<u>\$ 437,346.00</u>	<u>\$ 446,230.00</u>	<u>\$ 464,056.00</u>	<u>\$ 960,804.00</u>
Total District	<u>\$ 3,208,890.69</u>	<u>\$ 2,912,018.74</u>	<u>\$ 3,267,827.00</u>	<u>\$ 3,001,402.02</u>	<u>\$ 2,556,555.29</u>	<u>\$ 2,215,194.18</u>	<u>\$ 2,344,831.00</u>	<u>\$ 1,438,488.00</u>	<u>\$ 914,850.00</u>	<u>\$ 2,530,645.00</u>

Source: Exhibit B-1

In accordance with GASB 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify fund balance was changed.

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Tax Levy	\$ 8,255,699.00	\$ 8,103,180.00	\$ 7,842,111.00	\$ 7,480,274.00	\$ 7,271,119.00	\$ 7,284,097.00	\$ 7,226,887.00	\$ 7,259,411.00	\$ 7,175,650.00	\$ 6,961,257.00
Other Local Revenue					500.00	140.98				
Tuition Charges	124,849.24	109,742.79	119,286.62	226,766.28	179,123.94	156,141.70	311,182.00	151,921.00	83,717.00	107,928.00
Interest Earnings								2,149.00	645.00	6,014.00
Miscellaneous	209,966.73	102,749.42	83,220.51	85,178.45	98,524.35	119,556.12	104,322.00	89,846.00	79,303.00	67,928.00
State Sources	7,203,543.64	7,317,017.52	7,237,621.39	6,843,535.46	6,798,850.11	6,810,954.39	6,581,391.00	6,242,201.00	5,173,646.00	6,635,390.00
Federal Sources	263,319.91	264,469.09	276,741.00	263,801.00	265,728.00	356,146.02	457,374.00	401,634.00	927,673.00	287,912.00
Local Sources							20,329.00	23,945.00	25,429.00	
Total Revenue	16,057,378.52	15,897,158.82	15,558,980.52	14,899,555.19	14,613,845.40	14,727,036.21	14,701,485.00	14,171,107.00	13,466,063.00	14,066,429.00
Expenditures:										
Instruction										
Regular Instruction	3,780,927.09	3,927,638.11	3,723,593.76	3,721,593.88	3,731,279.39	4,099,105.50	4,210,787.00	4,249,248.00	4,470,840.00	4,551,866.00
Special Education Instruction	1,328,326.40	1,316,701.57	1,390,217.64	1,189,137.09	1,159,123.12	1,205,313.02	919,054.00	870,902.00	998,757.00	938,948.00
Other Special Instruction	320,912.87	257,726.47	271,795.14	271,929.95	253,571.48	202,107.90	224,229.00	269,475.00	284,904.00	249,951.00
Other Instruction	82,885.81	61,812.56	114,834.74	197,166.12	112,918.87	70,765.77	61,632.00	83,127.00	72,385.00	69,847.00
Adult/Continuing Education								5,569.00	5,569.00	5,447.00
Tuition	335,102.29	371,920.45					19,508.00	44,072.00	63,339.00	5,280.00
Support Services:										
Student and Instruction Related Services	1,668,509.44	1,690,710.83	1,542,126.60	1,535,175.67	1,572,401.09	1,459,591.98	1,380,107.00	1,347,447.00	1,399,172.00	1,347,997.00
School Administrative Services	381,631.66	364,310.70	365,927.47	407,294.76	448,343.44	367,014.34	459,496.00	450,348.00	462,783.00	461,380.00
Other Administrative Services	658,303.39	728,149.27	641,826.82	593,382.17	623,703.54	674,442.09	310,631.00	282,967.00	321,053.00	309,165.00
Central Services							191,611.00	221,865.00	239,603.00	251,044.00
Plant Operations and Maintenance	1,413,037.18	1,466,880.14	1,309,587.66	1,152,791.38	1,163,808.23	1,133,483.60	1,007,477.00	1,048,118.00	1,128,000.00	1,143,603.00
Pupil Transportation	612,393.16	559,231.05	519,834.55	468,484.94	547,304.64	498,070.61	581,363.00	520,973.00	521,010.00	571,809.00
Allocated and Unallocated Benefits	2,888,492.89	2,904,409.81	2,773,501.22	2,631,873.09	2,614,504.61	2,587,049.43	3,499,739.00	3,285,779.00	3,363,447.00	3,171,591.00
Reimbursed TPAF Pension and Social Security	1,638,833.89	1,554,962.52	1,386,351.10	1,147,740.46	1,042,878.11	1,183,421.93				
Debt Service:										
Principal	685,000.00	660,000.00	655,000.00	650,000.00	595,000.00	590,000.00	580,000.00	575,000.00	545,000.00	540,000.00
Interest and Other Charges	135,062.50	155,237.50	224,038.50	199,687.50	222,613.34	297,484.00	318,472.00	338,587.00	356,807.00	371,010.00
Capital Outlay	261,088.50	233,275.60	551,616.31	288,451.45	316,624.07	345,416.78	78,011.00	53,992.00	516,056.00	670,789.00
Total Expenditures	16,190,507.07	16,252,966.58	15,470,251.51	14,454,708.46	14,404,073.93	14,713,266.95	13,842,117.00	13,647,469.00	14,748,725.00	14,659,727.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	(133,128.55)	(355,807.76)	88,729.01	444,846.73	209,771.47	13,769.26	859,368.00	523,638.00	(1,282,662.00)	(593,298.00)
Other Financing Sources (Uses):										
Proceeds from Borrowing	430,000.00									198,648.00
Transfers in	592,000.00	179,815.50	127,243.93	377,012.00				2,149.00	626.00	6,009.00
Transfers out	(592,000.00)	(179,815.50)	(127,243.93)	(377,012.00)				(2,149.00)	(626.00)	(6,009.00)
Assets Acquired Under Capital Leases			177,695.97		131,589.64		46,975.00			
Cancellation of Prior Year Accounts Receivable						(143,405.62)				(12,930.00)
Total Other Financing Sources (Uses)	430,000.00	-	177,695.97	-	131,589.64	(143,405.62)	46,975.00	-	-	185,718.00
Net Change in Fund Balances	\$ 296,871.45	\$ (355,807.76)	\$ 266,424.98	\$ 444,846.73	\$ 341,361.11	\$ (129,636.36)	\$ 906,343.00	\$ 523,638.00	\$ (1,282,662.00)	\$ (407,580.00)
Debt Service as a Percentage of Noncapital Expenditures	5.1%	5.1%	5.9%	6.0%	5.8%	6.2%	6.5%	6.7%	6.3%	6.5%

Source: Exhibit B-2

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Interest on Investments	\$ 10,531.58	\$ 7,952.33	\$ 5,978.88	\$ 5,308.44	\$ 11,540.54	\$ 16,849.70	\$ 35,364.00	\$ 21,578.00	\$ 27,799.00	\$ 17,076.00
Tuition						12,917.45	311,182.00	151,921.00	83,717.00	107,928.00
Rentals	27,371.00	40,240.00	37,300.00	37,000.00	37,080.00	37,400.00	37,000.00	37,000.00	37,000.00	37,000.00
Refund of Prior Year Expenditures	71,606.18	4,594.43	1,566.08	16,469.21	14,954.20	16,817.86				
Fuel Reimbursement	46,448.36									
Miscellaneous	45,972.90	42,999.37	34,375.55	26,400.80	34,949.61	35,571.11	31,958.00	31,268.00	14,523.00	13,857.00
Total Miscellaneous Revenues	\$ 201,930.02	\$ 95,786.13	\$ 79,220.51	\$ 85,178.45	\$ 98,524.35	\$ 119,556.12	\$ 415,504.00	\$ 241,767.00	\$ 163,039.00	\$ 175,861.00

Source: District Records

Revenue Capacity Information

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

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31	Vacant Land	Residential	Farm	Qfarm	Commercial	Industrial	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2018	\$ 7,093,400.00	\$ 607,798,600.00	\$ 19,736,700.00	\$ 2,914,400.00	\$ 24,723,200.00	\$ 787,800.00	\$ 663,054,100.00	\$ 92.00	\$ 663,054,192.00	\$ 721,888,070.00	\$ 2.029
2017	6,607,100.00	606,683,300.00	18,417,100.00	2,900,700.00	24,682,400.00	787,800.00	659,565,200.00	92.00	659,565,295.00	713,907,087.00	2.008
2016	6,991,200.00	606,799,700.00	17,483,600.00	2,826,100.00	24,676,800.00	787,800.00	660,302,000.00	95.00	660,302,094.00	696,258,096.00	1.949
2015	6,808,700.00	607,142,100.00	17,881,800.00	2,935,400.00	24,746,200.00	787,800.00	662,492,800.00	94.00	663,059,703.00	705,526,331.00	1.932
2014	7,249,000.00	608,488,600.00	17,450,900.00	2,901,500.00	25,481,300.00	921,500.00	735,411,100.00	566,903.00	736,249,815.00	698,001,159.00	1.866
2013	8,402,000.00	683,314,500.00	18,134,900.00	2,923,900.00	21,856,700.00	779,100.00	739,392,100.00	838,715.00	740,306,772.00	716,149,580.00	1.617
2012	8,517,000.00	686,007,600.00	19,298,800.00	2,921,400.00	21,868,200.00	779,100.00	739,535,800.00	914,672.00	740,457,800.00	759,811,502.00	1.602
2011	8,955,100.00	688,883,800.00	16,905,100.00	2,948,300.00	21,064,400.00	779,100.00	743,039,400.00	922,000.00	744,187,109.00	788,894,651.00	1.614
2010	9,204,600.00	691,739,700.00	16,903,500.00	2,949,300.00	21,463,200.00	779,100.00	740,005,400.00	1,147,709.00	741,124,177.00	821,321,385.00	1.587
2009	9,823,200.00	688,326,300.00	16,922,300.00	2,968,600.00	21,185,900.00	779,100.00	732,189,500.00	1,118,777.00	733,232,250.00	864,849,961.00	1.582

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

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

Source: Burlington County Board of Taxation

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)
Unaudited

Year Ended <u>Dec. 31</u>	<u>District Direct Rate</u>			<u>Overlapping Rates</u>					Fire <u>District</u>	Total Direct and Overlapping <u>Tax Rate</u>
	<u>Local School</u>	<u>Regional School</u>	<u>Total Direct School Tax Rate</u>	<u>Tabernacle Township</u>	<u>Burlington County</u>	<u>County Library</u>	<u>County Open Space</u>			
2018	\$ 1.267	\$ 0.762	\$ 2.029	\$ 0.422	\$ 0.376	\$ 0.034	\$ 0.027		\$ 2.888	
2017	1.251	0.757	2.008	0.422	0.363	0.034	0.043		2.870	
2016	1.229	0.720	1.949	0.402	0.355	0.033	0.042		2.781	
2015	1.188	0.744	1.932	0.381	0.366	0.035	0.043		2.757	
2014	1.128	0.738	1.866	0.309	0.352	0.033	0.016	\$ 0.072	2.648	
2013	0.987	0.630	1.617	0.257	0.324	0.030	0.015	0.065	2.308	
2012	0.984	0.618	1.602	0.237	0.317	0.031	0.041	0.061	2.289	
2011	0.978	0.636	1.614	0.237	0.328	0.032	0.043	0.044	2.298	
2010	0.975	0.612	1.587	0.237	0.342	0.033	0.045	0.062	2.306	
2009	0.969	0.613	1.582	0.237	0.362	0.035	0.047	0.060	2.323	

Source: Municipal Tax Collector

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

<u>Taxpayer</u>	2018			2009		
	<u>Taxable Assessed Value</u>	Rank	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	Rank	<u>% of Total District Net Assessed Value</u>
Pinelands Acres, LLC	\$ 2,800,000.00	1	0.42%			
Allenwood Estate, LLC	2,700,000.00	2	0.41%			
Individual Taxpayer #1	1,763,600.00	3	0.27%			
Tabernacle Equities, LLC	1,733,000.00	4	0.26%	\$ 1,675,100.00	2	0.23%
Russos Fruit & Veg Farm Inc	1,483,800.00	5	0.22%			
Russos Fruit & Veg Farm Inc	1,119,100.00	6	0.17%			
US Bank Trust	1,062,900.00	7	0.16%			
The Ess Group, Inc	978,700.00	8	0.15%			
Russos Fruit & Veg Farm Inc	953,200.00	9	0.14%			
Cmatt LLC	940,700.00	10	0.14%			
Murphy's Market				2,400,200.00	1	0.33%
Individual Taxpayer #2				1,189,700.00	3	0.16%
Bell Atlantic Property Tax Department				1,118,777.00	4	0.15%
Individual Taxpayer #3				1,085,900.00	5	0.15%
Individual Taxpayer #4				1,023,000.00	6	0.14%
Individual Taxpayer #5				1,020,700.00	7	0.14%
Individual Taxpayer #6				1,000,000.00	8	0.14%
Individual Taxpayer #7				906,500.00	9	0.12%
Individual Taxpayer #8				848,000.00	10	0.12%
Total	\$ 15,535,000.00		2.34%	\$ 12,267,877.00		1.68%

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Property Tax Levies and Collections
 Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	School District Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2018	\$ 8,255,699.00	\$ 8,255,699.00	100.00%	-
2017	8,103,180.00	8,103,180.00	100.00%	-
2016	7,842,111.00	7,842,111.00	100.00%	-
2015	7,480,274.00	7,480,274.00	100.00%	-
2014	7,271,119.00	7,271,119.00	100.00%	-
2013	7,284,097.00	7,284,097.00	100.00%	-
2012	7,226,887.00	7,226,887.00	100.00%	-
2011	7,259,411.00	7,259,411.00	100.00%	-
2010	7,175,650.00	7,175,650.00	100.00%	-
2009	6,961,257.00	6,961,257.00	100.00%	-

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

Source: District Records

Debt Capacity Information

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

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Authorized but not Issued	Capital Leases	Bond Anticipation Notes	Capital Leases				
2018	\$ 3,880,000.00	-	\$ 500,943.35	-	-	\$ 4,380,943.35	Unavailable	Unavailable	
2017	4,565,000.00	-	131,765.52	-	-	4,696,765.52	Unavailable	Unavailable	
2016	5,225,000.00	-	190,937.21	-	-	5,415,937.21	1.38%	\$ 56,812.00	
2015	5,225,000.00	-	78,922.11	-	-	5,303,922.11	1.38%	55,227.00	
2014	6,530,000.00	-	119,455.10	-	-	6,649,455.10	1.77%	53,747.00	
2013	7,068,000.00	\$ 450,000.00	54,277.30	-	-	7,572,277.30	2.09%	51,785.00	
2012	7,658,000.00	-	123,630.00	-	-	7,781,630.00	2.16%	51,390.00	
2011	8,238,000.00	-	96,013.00	-	-	8,334,013.00	2.38%	49,955.00	
2010	8,813,000.00	-	145,967.00	-	-	8,958,967.00	2.67%	48,047.00	
2009	9,358,000.00	-	236,909.00	-	-	9,594,909.00	2.81%	47,649.00	

Sources:

- (1) District Records
(2) Personal income has been estimated based upon the municipal population and per capita
(3) Per Capita personal income by county-estimated based upon the 2010 Census published

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30.	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2018	\$ 3,880,000.00	-	\$ 3,880,000.00	0.59%	Unavailable
2017	4,565,000.00	-	4,565,000.00	0.69%	\$ 663.32
2016	5,225,000.00	-	5,225,000.00	0.79%	758.13
2015	5,880,000.00	-	5,880,000.00	0.89%	845.56
2014	6,530,000.00	-	6,530,000.00	0.98%	935.66
2013	7,068,000.00	-	7,068,000.00	0.96%	1,012.46
2012	7,658,000.00	-	7,658,000.00	1.03%	1,091.51
2011	8,238,000.00	-	8,238,000.00	1.11%	1,175.18
2010	8,813,000.00	-	8,813,000.00	1.19%	1,260.62
2009	9,358,000.00	-	9,358,000.00	1.28%	1,305.16

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2017
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Tabernacle Township</u>
Municipal Debt: (1)				
Tabernacle Township School District	\$ 3,880,000.00	\$ 3,880,000.00		
Regional High School District	2,195,306.72	2,195,306.72		
Tabernacle Township	<u>10,759,439.00</u>	<u>18,627.00</u>	<u>\$ 10,740,812.00</u>	<u>\$ 10,740,812.00</u>
	<u>16,834,745.72</u>	<u>6,093,933.72</u>	<u>10,740,812.00</u>	<u>10,740,812.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Burlington: (2)				
Solid Waste Utility:				
Bonds	55,355,000.00	55,355,000.00		
General:				
Bonds	201,099,000.00	30,655,986.00 (3)	170,443,014.00 (5)	2,619,892.30
Notes	66,300,000.00		66,300,000.00 (5)	1,019,102.25
Loans	4,930,439.00		4,930,439.00 (5)	75,786.15
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>323,415,000.00</u>	<u>323,415,000.00 (4)</u>		
	<u>651,099,439.00</u>	<u>409,425,986.00</u>	<u>241,673,453.00</u>	<u>3,714,780.70</u>
	<u>\$ 667,934,184.72</u>	<u>\$ 415,519,919.72</u>	<u>\$ 252,414,265.00</u>	<u>\$ 14,455,592.70</u>

Sources:

- (1) 2017 Annual Debt Statement
 - (2) County's 2017 Audit Report
 - (3) Includes Cash on Hand, Accounts Receivable and County College Bonds paid with State Aid.
 - (4) Deductible in accordance with N.J.S. 40:37A-80.
 - (5) Such debt is allocated as a proportion of the Township's share of the total 2017 Equalized Value, which is 1.54%.
- The source for this computation was the 2017 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis (1)

\$	718,648,231	2017
	713,351,936	2016
	<u>697,035,786</u>	2015

\$ 2,129,035,953

\$ 709,678,651 Average equalized valuation of taxable property

\$ 21,290,360 Debt limit (3% of average equalization value) (2)
3,880,000 Total Net Debt Applicable to Limit

\$ 17,410,360 Legal Debt Margin

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$ 21,290,360	\$ 21,182,548	\$ 21,087,799	\$ 21,265,090	\$ 21,769,846	\$ 22,684,981	\$ 23,653,774	\$ 25,237,930	\$ 25,064,650	\$ 24,636,915
Total net debt applicable to limit (3)	<u>3,880,000</u>	<u>4,565,000</u>	<u>5,225,000</u>	<u>5,880,000</u>	<u>6,530,000</u>	<u>7,518,000</u>	<u>7,658,000</u>	<u>8,238,000</u>	<u>8,813,000</u>	<u>9,358,000</u>
Legal debt margin	<u>\$ 17,410,360</u>	<u>\$ 15,862,799</u>	<u>\$ 15,385,090</u>	<u>\$ 15,239,846</u>	<u>\$ 15,166,981</u>	<u>\$ 15,995,774</u>	<u>\$ 16,999,930</u>	<u>\$ 16,251,650</u>	<u>\$ 15,278,915</u>	<u>\$ 12,920,754</u>
Total net debt applicable to the limit as a percentage of debt limit	18.22%	21.55%	24.78%	27.65%	30.00%	33.14%	32.38%	32.64%	35.16%	37.98%

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

Demographic and Economic Information

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

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2017	6,882	Unavailable	Unavailable	4.3%
2016	6,887	\$ 391,264,244.00	\$ 56,812.00	4.7%
2015	6,925	383,305,675.00	55,351.00	5.3%
2014	6,958	367,681,594.00	52,843.00	5.8%
2013	6,963	356,059,968.00	51,136.00	5.8%
2012	7,003	355,325,217.00	50,739.00	5.2%
2011	6,996	347,680,212.00	49,697.00	5.0%
2010	6,976	334,743,360.00	47,985.00	5.1%
2009	7,170	341,069,730.00	47,569.00	4.8%
2008	7,168	342,071,296.00	47,722.00	2.7%

Sources:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by county-estimated based upon the 2010 Census published
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Current Year and Nine Years Ago
Unaudited

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
	Information Unavailable			Information Unavailable		
	-		-	-		-

Operating Information

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

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010 (a)</u>	<u>2009 (a)</u>
Instruction										
Regular & Special Education	72	73	68	68	70	70	63	95		
Other Instruction	17	12	12	13	14	14	16	20		
Support Services:										
Student & Instruction Related Services	7	7	7	8	4	5	12	4		
Other Support Services	2	2	2	2	3	3				
Instructional Staff Training										
Media Center	2	2	2	2	2	2		2		
School Administrative Services	5	9	9	10	7	7	12	9		
General Administrative Services	2	2	2	2	2	2	2	3		
Plant Operations & Maintenance	14	12	13	15	14	13	13	8		
Pupil transportation	13	11	16	15	13	13	15	16		
Business & Other Support Services	4	3	5	5	4	4	3	3		
Total	<u>138</u>	<u>133</u>	<u>136</u>	<u>140</u>	<u>132</u>	<u>132</u>	<u>136</u>	<u>160</u>	<u>-</u>	<u>-</u>

Source: District Records
 (a) Information Unavailable

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2018	720	\$ 15,109,356.07	\$ 20,985.22	-2.42%	72	10.1/1	714	681	0.71%	95.38%
2017	707	15,204,453.48	21,505.59	13.96%	73	11.2/1	709	683	-7.92%	96.33%
2016	744	14,039,596.70	18,870.43	8.41%	74	10.1/1	770	738	0.92%	95.84%
2015	765	13,316,569.51	17,407.28	-0.04%	75	10.2/1	763	730	-4.27%	95.67%
2014	762	13,269,836.52	17,414.48	4.25%	72	10.6/1	797	763	-2.69%	95.73%
2013	807	13,480,366.17	16,704.30	9.74%	75	10.0/1	819	786	-1.09%	95.97%
2012	828	12,603,850.00	15,222.04	7.77%	83	10.0/1	828	794	-4.83%	95.89%
2011	870	12,288,327.00	14,124.51	-5.71%	78	11.2/1	870	828	-0.34%	95.17%
2010	873	13,077,928.00	14,980.44	2.63%	77	11.3/1	873	836	-2.57%	95.76%
2009	896	13,077,928.00	14,595.90	-7.57%	80	11.2/1	896	856	1.82%	95.54%

Sources: District Records

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>District Buildings</u>										
<u>Elementary</u>										
Tabernacle Elementary										
Square Feet	59,918	59,918	59,918	59,918	59,918	59,918	59,918	59,918	59,918	59,918
Capacity (Students)	552	552	552	552	552	552	552	552	552	552
Enrollment	384	363	361	397	409	428	444	470	440	482
<u>Middle School</u>										
Olson Middle School										
Square Feet	88,321	88,321	88,321	88,321	88,321	88,321	88,321	88,321	88,321	88,321
Capacity (Students)	474	474	474	474	474	474	474	474	474	474
Enrollment	336	344	383	379	353	379	384	400	433	414

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

Source: District Records

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Ten Fiscal Years
Unaudited

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

* School Facilities	Project # (s)	Fiscal Year Ended June 30,									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Tabernacle Elementary	S1	\$ 152,782.26	\$ 147,114.45	\$ 125,323.06	\$ 124,321.11	\$ 132,702.12	\$ 110,213.00	\$ 29,234.00	\$ 41,366.00	\$ 55,424.00	\$ 42,293.00
Olson Middle School	S2	249,594.10	332,190.47	189,496.29	179,762.16	180,535.45	102,475.00	39,749.00	48,824.00	72,208.00	64,856.00
Total School Facilities		<u>402,376.36</u>	<u>479,304.92</u>	<u>314,819.35</u>	<u>304,083.27</u>	<u>313,237.57</u>	<u>212,688.00</u>	<u>68,983.00</u>	<u>90,190.00</u>	<u>127,632.00</u>	<u>107,149.00</u>
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		<u>\$ 402,376.36</u>	<u>\$ 479,304.92</u>	<u>\$ 314,819.35</u>	<u>\$ 304,083.27</u>	<u>\$ 313,237.57</u>	<u>\$ 212,688.00</u>	<u>\$ 68,983.00</u>	<u>\$ 90,190.00</u>	<u>\$ 127,632.00</u>	<u>\$ 107,149.00</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

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT

Insurance Schedule

June 30, 2018

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Burlington County Insurance Pool Joint Insurance Fund		
Property / Inland Marine / Automobile Physical Damage - JIF Self Insured Retention	\$ 250,000.00	\$ 500.00
Crime - JIF Self Insured Retention	250,000.00	500.00
General Liability / Auto Liability - JIF Self Insured Retention	250,000.00	
Educators Legal Liability - JIF Self Insured Retention	175,000.00	
Workers Compensation - JIF Self Insured Retention	250,000.00	
School Pool for Excess Liability Limits Joint Insurance Fund (SPELL JIF)		
Property / Inland Marine / Automobile Physical Damage	175,000,000.00	
Crime	500,000.00	
Workers Compensation	Statutory	
General Liability / Auto Liability	20,000,000.00	
Educators' Legal Liability	20,000,000.00	
Travelers Insurance Company		
Boiler and Machinery	125,000,000.00	1,000.00
Beazley / Lloyd's of London		
Pollution Legal Liability	3,000,000.00	25,000.00
AIG / Lexington Insurance Company, Inc.		
Cyber Liability	1,000,000.00	25,000.00
Lloyd's of London		
Violent Malicious Acts	1,000,000.00	15,000.00
Disaster Management Services	2,000,000.00	15,000.00
Non-JIF Coverage		
Selective Insurance Company of America:		
Business Administrator/Board Secretary	100,000.00	
Treasurer	200,000.00	
<u>Excess and Reinsurance Carriers Involved</u>		
Property and Crime:		
SPELL JIF, Great American Insurance Company		
Axis Surplus Insurance Company		
Westchester Fire Insurance Company		
Alterra Excess & Surplus Insurance Company		
Ironshore Specialty Insurance Company		
Evanston Insurance Company		
RSUI Indemnity Company		
James River Insurance Company		
BRIT / Lloyd's of London		
Colony Insurance Company		
Arch Specialty Insurance Company		
United National Insurance Company		
General Liability and Automobile Liability:		
SPELL JIF, Great American Insurance Company		
Workers Compensation:		
SPELL JIF, Great American Insurance Company,		
Safety National Casualty Corp.		
Educators Legal Liability:		
SPELL JIF, Great American Insurance Company		

Source: District Records

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Tabernacle School District
County of Burlington
Tabernacle, New Jersey 08088

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Public School Accountant No. CS 002376

Voorhees, New Jersey
February 19, 2019

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

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Pass-through Entity Identifying Number	Award Amount	Grant Period		Balance June 30, 2017	Carryover / (Walkover) Amount
					From	To		
Special Revenue Fund:								
U.S. Department of Education:								
Passed-through State Department of Education:								
N.C.L.B.:								
Title I, Part A	84.010A	S010A160030	NCLB513017	\$ 63,618.00	7-1-16	6-30-17	\$ (11,700.95)	\$ (78.00)
Title I, Part A	84.010A	S010A170030	NCLB513018	59,504.00	7-1-17	6-30-18		78.00
Total Title I, Part A							(11,700.95)	-
Title II, Part A, Improving Teacher Quality	84.367A	S367A160029	NCLB513017	12,115.00	7-1-16	6-30-17	(11,487.00)	
Title II, Part A, Improving Teacher Quality	84.367A	S367A170029	NCLB513018	15,584.00	7-1-17	6-30-18		
Total Title II, Part A, Improving Teacher Quality							(11,487.00)	-
Title III, Part A, English Language Acquisition	84.365A	S365A160030	NCLB513017	1,935.00	7-1-16	6-30-17	(1,935.00)	
Title III, Part A, English Language Acquisition	84.365A	S365A170030	NCLB513018	1,530.00	7-1-17	6-30-18		
Total Title III, Part A, English Language Acquisition							(1,935.00)	-
Title IV, Part A	84.424	S424A170031	NCLB513018	5,000.00	7-1-17	6-30-18	-	-
I.D.E.A. Part B:								
Special Education Cluster:								
Basic	84.027	H027A160100	FT513017	179,457.00	7-1-16	6-30-17	(37,189.00)	(100.00)
Basic	84.027	H027A170100	FT513018	173,009.00	7-1-17	6-30-18		100.00
Preschool	84.173	H173A160114	PS513017	8,065.00	7-1-16	6-30-17	(95.14)	
Preschool	84.173	H173A170114	PS513018	7,972.00	7-1-17	6-30-18		
Total I.D.E.A. Part B Special Education Cluster							(37,284.14)	-
Total Special Revenue Fund							(62,407.09)	-
Enterprise Fund:								
U.S. Department of Agriculture:								
Passed-through State Department of Education:								
Child Nutrition Cluster:								
National School Lunch Program	10.555	181NJ304N1099	Unavailable	46,309.52	7-1-16	6-30-17	(8,731.52)	
National School Lunch Program	10.555	181NJ304N1099	Unavailable	45,042.49	7-1-17	6-30-18		
Food Distribution Program (Non-Cash Assistance)	10.555	181NJ304N1099	Unavailable	19,432.59	7-1-16	6-30-17	1,332.58	
Food Distribution Program (Non-Cash Assistance)	10.555	181NJ304N1099	Unavailable	20,334.90	7-1-17	6-30-18		
Total Child Nutrition Cluster							(7,398.94)	-
Total Enterprise Fund							(7,398.94)	-
Total Federal Financial Assistance							\$ (69,806.03)	-

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

These funds were not audited in accordance with the Uniform Guidance since the total of all grant expenditures did not exceed \$750,000.00.

Cash Received	Budgetary Expenditures			Passed Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2018		
	Pass-through Funds	Direct Funds	Total Budgetary Expenditures				Accounts Receivable	Unearned Revenue	Due to Grantor
\$ 11,778.95									
49,499.05	\$ 59,582.05		\$ 59,582.05				\$ (10,005.00)		
61,278.00	59,582.05	-	59,582.05	-	-	-	(10,005.00)	-	-
11,487.00									
8,966.00	15,584.00		15,584.00				(6,618.00)		
20,453.00	15,584.00	-	15,584.00	-	-	-	(6,618.00)	-	-
1,935.00									
1,530.00	1,530.00		1,530.00						
3,465.00	1,530.00	-	1,530.00	-	-	-	-	-	-
5,000.00	5,000.00	-	5,000.00	-	-	-	-	-	-
37,289.00									
142,860.00	173,109.00		173,109.00				(30,149.00)		
638.00	542.86		542.86						
5,930.00	7,972.00		7,972.00				(2,042.00)		
186,717.00	181,623.86	-	181,623.86	-	-	-	(32,191.00)	-	-
276,913.00	263,319.91	-	263,319.91	-	-	-	(48,814.00)	-	-
8,731.52									
41,955.60	45,042.49		45,042.49				(3,086.89)		
20,334.90	1,332.58		1,332.58					\$ 2,718.18	
	17,616.72		17,616.72						
71,022.02	63,991.79	-	63,991.79	-	-	-	(3,086.89)	2,718.18	-
71,022.02	63,991.79	-	63,991.79	-	-	-	(3,086.89)	2,718.18	-
\$ 347,935.02	\$ 327,311.70	-	\$ 327,311.70	-	-	-	\$ (51,900.89)	\$ 2,718.18	-

TOWNSHIP OF TABERNACLE SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2018

State Grantor/ Program Title	State Project Number	Award Amount	Required Match	Grant Period		Balance June 30, 2017	
				From	To	Unearned Revenue / Accounts Receivable	Due to Grantor
General Fund:							
New Jersey Department of Education:							
Current Expense:							
State Aid - Public Cluster:							
Equalization Aid	17-495-034-5120-078	\$ 3,405,745.00	N/A	7-1-16	6-30-17	\$ (331,136.08)	
Equalization Aid	18-495-034-5120-078	3,405,745.00	N/A	7-1-17	6-30-18		
Categorical Special Education Aid	17-495-034-5120-089	465,120.00	N/A	7-1-16	6-30-17	(45,223.00)	
Categorical Special Education Aid	18-495-034-5120-089	465,120.00	N/A	7-1-17	6-30-18		
Adjustment Aid	17-495-034-5120-085	1,177,271.00	N/A	7-1-16	6-30-17	(114,464.50)	
Adjustment Aid	18-495-034-5120-085	1,067,804.00	N/A	7-1-17	6-30-18		
Categorical Security Aid	17-495-034-5120-084	66,283.00	N/A	7-1-16	6-30-17	(6,444.61)	
Categorical Security Aid	18-495-034-5120-084	66,283.00	N/A	7-1-17	6-30-18		
PARCC Readiness Aid	17-495-034-5120-098	7,330.00	N/A	7-1-16	6-30-17	(712.69)	
PARCC Readiness Aid	18-495-034-5120-098	7,330.00	N/A	7-1-17	6-30-18		
Per Pupil Growth Aid	17-495-034-5120-097	7,330.00	N/A	7-1-16	6-30-17	(712.68)	
Per Pupil Growth Aid	18-495-034-5120-097	7,330.00	N/A	7-1-17	6-30-18		
Professional Learning Community Aid	17-495-034-5120-101	7,150.00	N/A	7-1-16	6-30-17	(695.19)	
Professional Learning Community Aid	18-495-034-5120-101	7,150.00	N/A	7-1-17	6-30-18		
Total State Aid - Public Cluster						(499,388.75)	-
Transportation Aid:							
Categorical Transportation Aid	17-495-034-5120-014	337,115.00	N/A	7-1-16	6-30-17	(32,777.25)	
Categorical Transportation Aid	18-495-034-5120-014	337,115.00	N/A	7-1-17	6-30-18		
Additional Nonpublic School Transportation Aid	17-495-034-5120-014	2,849.00	N/A	7-1-16	6-30-17	(2,849.00)	
Additional Nonpublic School Transportation Aid	18-495-034-5120-014	2,801.00	N/A	7-1-17	6-30-18		
Total Transportation Aid						(35,626.25)	-
Extraordinary Aid							
Extraordinary Aid	17-100-034-5120-044	183,597.00	N/A	7-1-16	6-30-17	(183,597.00)	
Extraordinary Aid	18-100-034-5120-044	108,650.00	N/A	7-1-17	6-30-18		
Total Extraordinary Aid						(183,597.00)	-
Reimbursed TPAF Social Security Contributions							
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	388,732.52	N/A	7-1-16	6-30-17	(28,741.63)	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	403,162.89	N/A	7-1-17	6-30-18		
Total Reimbursed TPAF Social Security Contributions						(28,741.63)	-
Lead Water Testing for Schools Aid	18-495-034-5120-104	1,523.75	N/A	7-1-17	6-30-18	-	-
Total General Fund						(747,353.63)	-
Debt Service Fund:							
New Jersey Department of Education:							
School Construction Debt Service Aid	18-495-034-5120-075	92,640.00	N/A	7-1-17	6-30-18	-	-
Enterprise Fund:							
New Jersey Department of Agriculture:							
State School Lunch Aid	17-100-010-3350-023	2,015.65	N/A	7-1-16	6-30-17	(395.58)	
State School Lunch Aid	18-100-010-3350-023	2,250.95	N/A	7-1-17	6-30-18		
Total Enterprise Fund						(395.58)	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit						(747,749.21)	-
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
TPAF Post Retirement Medical	18-495-034-5094-001	484,467.00	N/A	7-1-17	6-30-18		
Teachers Pension & Annuity Fund	18-495-034-5094-002	732,318.00	N/A	7-1-17	6-30-18		
TPAF Non-Contributory Insurance	18-495-034-5094-004	17,772.00	N/A	7-1-17	6-30-18		
TPAF Long-Term Disability Insurance	18-495-034-5094-004	1,114.00	N/A	7-1-17	6-30-18		
Total General Fund (Non-Cash Assistance)						-	-
Total State Financial Assistance						\$ (747,749.21)	-

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

Cash Received	Total Budgetary Expenditures	Passed-Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2018			Memo Only	
					(Accounts Receivable)	Unearned Revenue / Interfund Payable	Due to Grantor	Budgetary Receivable June 30, 2018	Cumulative Total Expenditures
\$ 331,136.08									
3,064,814.74	\$ 3,405,745.00				\$ (340,930.26)			\$ (340,930.26)	\$ 3,405,745.00
45,223.00									
418,559.41	465,120.00				(46,560.59)			(46,560.59)	465,120.00
114,464.50									
960,912.06	1,067,804.00				(106,891.94)			(106,891.94)	1,067,804.00
6,444.61									
59,647.78	66,283.00				(6,635.22)			(6,635.22)	66,283.00
712.69									
6,596.23	7,330.00				(733.77)			(733.77)	7,330.00
712.68									
6,596.24	7,330.00				(733.76)			(733.76)	7,330.00
695.19									
6,434.25	7,150.00				(715.75)			(715.75)	7,150.00
<u>5,022,949.46</u>	<u>5,026,762.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(503,201.29)</u>	<u>-</u>	<u>-</u>	<u>(503,201.29)</u>	<u>5,026,762.00</u>
32,777.25									
303,368.29	337,115.00				(33,746.71)			(33,746.71)	337,115.00
2,849.00									
	2,801.00				(2,801.00)				2,801.00
<u>338,994.54</u>	<u>339,916.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,547.71)</u>	<u>-</u>	<u>-</u>	<u>(33,746.71)</u>	<u>339,916.00</u>
183,597.00									
	108,650.00				(108,650.00)				108,650.00
<u>183,597.00</u>	<u>108,650.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,650.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,650.00</u>
28,741.63									
403,162.89	403,162.89								403,162.89
<u>431,904.52</u>	<u>403,162.89</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>403,162.89</u>
1,523.75	1,523.75								1,523.75
<u>5,978,969.27</u>	<u>5,880,014.64</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(648,399.00)</u>	<u>-</u>	<u>-</u>	<u>(536,948.00)</u>	<u>5,880,014.64</u>
92,640.00	92,640.00								92,640.00
395.58									
2,097.03	2,250.95				(153.92)				2,250.95
2,492.61	2,250.95				(153.92)				2,250.95
<u>6,074,101.88</u>	<u>5,974,905.59</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(648,552.92)</u>	<u>-</u>	<u>-</u>	<u>(536,948.00)</u>	<u>5,974,905.59</u>
484,467.00	484,467.00								484,467.00
732,318.00	732,318.00								732,318.00
17,772.00	17,772.00								17,772.00
1,114.00	1,114.00								1,114.00
<u>1,235,671.00</u>	<u>1,235,671.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,235,671.00</u>
<u>\$ 7,309,772.88</u>	<u>\$ 7,210,576.59</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (648,552.92)</u>	<u>-</u>	<u>-</u>	<u>\$ (536,948.00)</u>	<u>\$ 7,210,576.59</u>

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

Note 1: BASIS OF PRESENTATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$3,879.13 for the special revenue fund and there is no adjustment for the general fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 7,115,685.64	\$ 7,115,685.64
Special Revenue	\$ 263,319.91		263,319.91
Debt Service		92,640.00	92,640.00
Food Service	63,991.79	2,250.95	66,242.74
Total Awards and Financial Assistance	<u>\$ 327,311.70</u>	<u>\$ 7,210,576.59</u>	<u>\$ 7,537,888.29</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

There were no amounts reported in the column entitled "adjustments" in current fiscal year.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

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

Note 7: MAJOR PROGRAMS

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

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

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

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

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

Identification of major programs:

GMIS Number(s)

Name of State Program

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-078	State Aid Public Cluster:
18-495-034-5120-089	Equalization Aid
18-495-034-5120-084	Categorical Special Education Aid
18-495-034-5120-085	Categorical Security Aid
18-495-034-5120-098	Adjustment Aid
18-495-034-5120-097	PARCC Readiness
18-495-034-5120-101	Per Pupil Growth Aid
	Professional Learning Community Aid

Dollar threshold used to determine Type A programs \$ 750,000.00

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

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

Section 2- Schedule of Financial Statement Findings

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

None.

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

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

A Federal Single Audit was not required.

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

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

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

None.

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

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

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.