

SCHOOL DISTRICT

OF

TEWKSBURY TOWNSHIP

Tewksbury Township School District
Board of Education
Califon, Hunterdon County
New Jersey

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

Comprehensive Annual

Financial Report

of the

Tewksbury Township School District

Board of Education

Califon, New Jersey

For the Fiscal Year Ending June 30, 2018

Prepared by

Tewksbury Township School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

Tewksbury Township Board of Education

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www.tewksburyschools.org

January 16, 2019

Honorable President and
Members of the Board of Education
Tewksbury Township School District
Hunterdon County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Tewksbury 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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (amended 1996) and the U.S. Office of Management and Budget Uniform Guidance, "Audits of State, Local Governments, and Non-Profit Organizations", and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Tewksbury Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the district are included in this report. The Tewksbury Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education for handicapped youngsters. The district completed the 2017-2018 fiscal year with an enrollment of 568 students, which is a decrease of 12 students from the previous year's enrollment. The following details the changes in the student enrollment of the district over the last five years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2013-2014	689	-2.6%
2014-2015	660	-4.2%
2015-2016	605	-8.3%
2016-2017	580	-4.1%
2017-2018	568	-2.1%

2) ECONOMIC CONDITION AND OUTLOOK: Tewksbury is predominately a residential community. There are minimal businesses that operate in the Township. Only one corporation, AM Best & Company, is located within the District and there appears to be no plans for other companies to establish a base in Tewksbury. The tax base continues to be shouldered by the homeowner with no relief in sight.

3) MAJOR INITIATIVES: The Tewksbury School District educates students in grades Pre-K through 8. There are two school buildings in the district. The Tewksbury Elementary School opened in September 2005. Students in K-4 are heterogeneously grouped and taught in a self-contained classroom. The Tewksbury Elementary School also houses a Pre-K disabled class which consists of a program for three and four year old disabled students along with an inclusionary program. In the fall of 2016, the District implemented a full day program for the Pre-school. Old Turnpike School is home to grades 5-8. Students receive instruction using a departmentalized structure and an eight period day. The district is moving towards a structural change in grade placement in the 2018-2019 school year.

Across the district, there is a strong emphasis on the use of instructional technology and the development of 21st century skills. Inquiry-based learning and highly individualized instruction using a workshop model are especially valued in the district. The District maintained a 1:1 laptop ratio for grades 3 through 8 for the 2017-2018 school year. Students in grades 5-8 are permitted to use their devices outside of the school building, giving them 24/7 access. Tewksbury students are offered a full complement of academic offerings including the Visual and Performing Arts, World Language, Technology and STEM. Tewksbury students consistently perform well on normed assessments.

A social-emotional learning program was implemented in grades K-8. This age appropriate program promotes prosocial behaviors and assists in improving relationships and attitudes toward school.

Special Education students predominately receive instruction in an inclusion setting in both schools and basic skills instruction is available in both language arts and mathematics. Gifted and Talented students, as well as accelerated students, are identified and provided with specialized instruction as needed.

The district continues to have a high student attendance rate of 95.8% for the 2017-2018 school year.

The district maintains Spanish as its World Language in all grades, K-8.

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

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

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

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

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

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

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 1 & 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

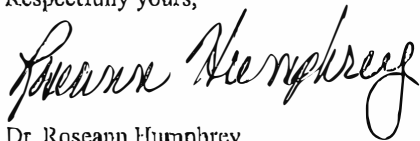
8) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9) OTHER INFORMATION:

Independent Audit - State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm Ardito & Co., LLP, was selected by the Board in May 2016. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 (amended 1996) and the related OMB Uniform Guidance and state Treasury Circular 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

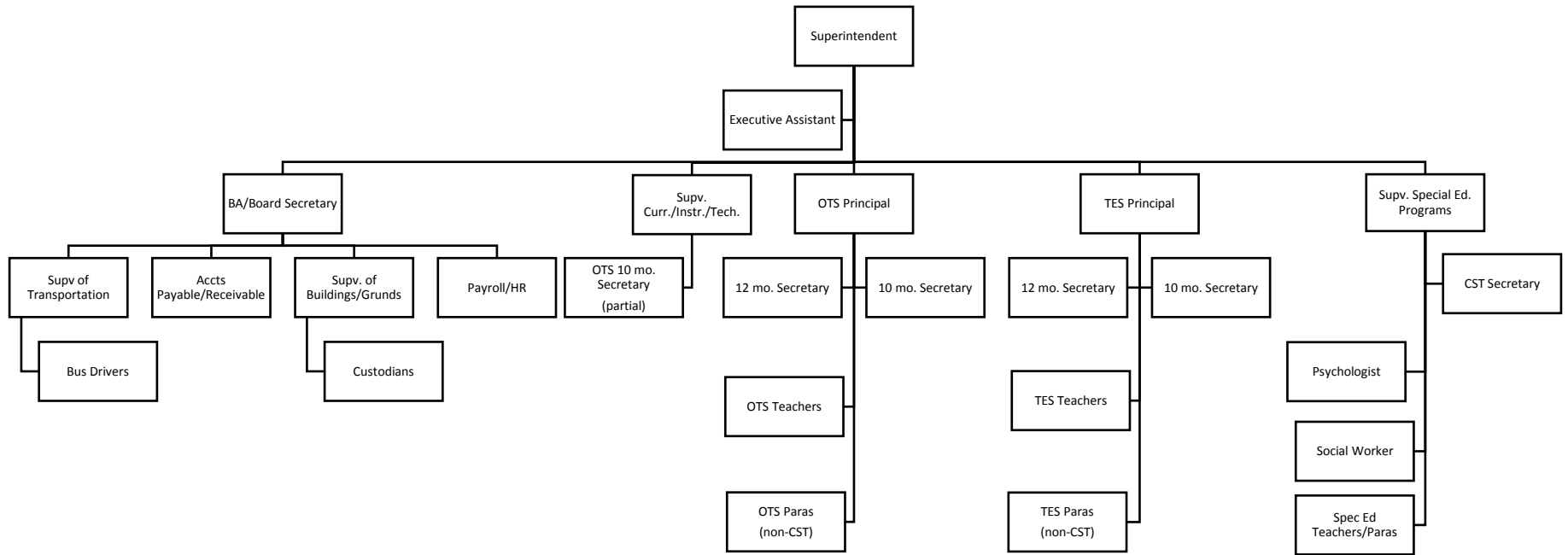
10) ACKNOWLEDGEMENTS: I would like to express my appreciation to the members of the Tewksbury Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully yours,



Dr. Roseann Humphrey
Interim Superintendent

Tewksbury Twp. School District Organizational Structure



**TEWKSBURY TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Cynthia Pettegrove, <i>President</i>	2020
Laura Bartels, <i>Vice-President</i>	2018
Krista Jenkins	2018
Erica Johnson	2020
Leslie Ackerman	2020
Paulette Frank	2019
Kevin Mulroony	2019
Jullian Carrino	2018
Thomas Thorp	2019

Other Officials

Dr. Roseann Humphrey, *Interim Superintendent*

Joanne Black, *School Business Administrator/Board Secretary*

**TEWKSBURY TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHITECTS

Gianforcaro Architects & Engineers
555 East Main Street, Suite One
Chester, NJ 07930

AUDIT FIRM

Ardito & Co., LLP
1110 Harrison Street, Suite C
Frenchtown, NJ 08825

BOARD ATTORNEY

Marc Zitomer, Esq.
Schenck, Price, Smith, And King LLP
220 Park Avenue PO Box 991
Florham Park, NJ 07932-0991

OFFICIAL DEPOSITORIES

Peapack Gladstone Bank
169 Lamington Road
Oldwick, NJ 08858

Financial Section

Independent Auditor's Report



ARDITO & Co., LLP

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Frenchtown, New Jersey 08825-1192
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Tewksbury Township School District
County of Hunterdon
Califon, New Jersey 07830

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

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, business-type activities, each major fund, and the aggregate remaining fund information of the Tewksbury Township School District Board of Education, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as identified 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 Tewksbury Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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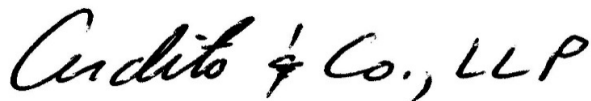
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated January 16, 2019, on our consideration of the Tewksbury Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
January 16, 2019



Licensed Public School Accountant No. 2369

Required Supplementary Information - Part I

Management's Discussion and Analysis

TEWKSBURY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

The discussion and analysis of Tewksbury Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- ◆ In total, Net Position increased \$744,394 which represents a 5.6% increase from 2017.
- ◆ General revenues accounted for \$13,155,517 in revenue or 68.4% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$6,067,508 or 31.6% of total revenues of \$19,223,025.
- ◆ Total assets of governmental activities increased by \$46,675, as cash and cash equivalents increased by \$486,628, receivables decreased by \$8,500, and capital assets decreased by \$431,763.
- ◆ The School District had \$18,478,631 in expenses; only \$6,067,508 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$13,155,517 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$15,227,292 in revenues and \$14,745,709 in expenditures. The General Fund's surplus balance increased \$1,099,793 over 2017, which compares favorably to the budgeted decrease of \$1,308,616.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Tewksbury Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Tewksbury Township School District, the General Fund is by far the most significant fund.

TEWKSBURY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2018?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page 24. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

TEWKSBURY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's Net Position for 2018 compared to 2017.

	<u>2018</u>	<u>2017</u>
Table 1		
Net Position		
Assets		
Current and Other Assets	\$ 4,508,424	\$ 4,029,986
Capital Assets	<u>18,884,275</u>	<u>19,316,038</u>
Total Assets	<u>23,392,699</u>	<u>23,346,024</u>
 Deferred Outflows of Resources	 <u>907,418</u>	 <u>1,325,355</u>
 Liabilities		
Long-Term Liabilities	5,163,686	5,850,753
Other Liabilities	<u>4,070,473</u>	<u>5,267,845</u>
Total Liabilities	<u>9,234,159</u>	<u>11,118,598</u>
 Deferred Inflows of Resources	 <u>988,352</u>	 <u>219,569</u>
 Net Position		
Invested in Capital Assets, Net of Debt	13,531,275	13,318,038
Restricted	3,843,743	2,712,957
Unrestricted	<u>(3,297,412)</u>	<u>(2,697,783)</u>
Total Net Position	<u>\$ 14,077,606</u>	<u>\$ 13,333,212</u>

TEWKSBURY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Total assets of governmental activities increased by \$46,675, as cash and cash equivalents increased by \$486,628, receivables decreased by \$8,500, and capital assets decreased by \$431,763.

The cash increase was mainly due to budget operational efficiencies, and the decrease in receivables was due to collection of prior year federal grants. The decrease in capital assets was due to depreciation expense, net of capital additions spending.

Table 2 shows the changes in Net Position from fiscal year 2017.

Table 2
Changes in Net Position

	<u>2018</u>	<u>2017</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 228,228	\$ 198,172
Operating Grants and Contributions	5,839,280	5,364,901
General Revenues:		
Property Taxes	13,107,349	12,633,947
Federal & State Aid on Capital Asset Projects	-	(26,525)
Investment Earnings	14,330	7,204
Other	<u>33,838</u>	<u>33,160</u>
Total Revenues	<u>19,223,025</u>	<u>18,210,859</u>
 Program Expenses		
Instruction	10,357,366	10,236,669
Support Services:		
Tuition	404,160	302,243
Pupils and Instructional Staff	2,732,717	2,608,190
General Administration, School Administration, Business	1,411,661	1,373,081
Operations and Maintenance of Facilities	2,403,237	2,521,901
Pupil Transportation	787,394	835,345
Business-Type Activities	208,713	195,728
Interest and Fiscal Charges	<u>173,383</u>	<u>342,298</u>
Total Expenses	<u>18,478,631</u>	<u>18,415,455</u>
 Increase in Net Position	 <u>\$ 744,394</u>	 <u>\$ (204,596)</u>

TEWKSBURY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 68.2% percent of revenues for governmental activities for the Tewksbury Township School District for the fiscal year 2018.

Instruction comprises 56.1% of district expenses. Support services expenses make up 41.9% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction	\$ 10,357,366	\$ 6,906,989	\$ 10,236,669	\$ 7,096,498
Support Services:				
Tuition	404,160	278,391	302,243	214,412
Pupils and Instructional Staff	2,732,717	1,861,524	2,608,190	1,813,188
General Admin., School Admin., Business	1,411,661	972,372	1,373,081	974,067
Operation and Maintenance of Facilities	2,403,237	1,655,383	2,521,901	1,789,043
Pupil Transportation	787,394	542,368	835,345	592,596
Business-Type Activities	208,713	20,713	195,728	30,280
Interest and Fiscal Charges	<u>173,383</u>	<u>173,383</u>	<u>342,298</u>	<u>342,298</u>
Total Expenses	<u>\$ 18,478,631</u>	<u>\$ 12,411,123</u>	<u>\$ 18,415,455</u>	<u>\$ 12,852,382</u>

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

Tuition activities are for those expenditures related to sending district resident students to high school and other special schools.

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

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

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

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 66.7% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 68.6%. The community, as a whole, is the primary support for the Tewksbury Township School District.

The School District's Funds

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$16,205,636 and expenditures of \$15,723,390. The General Fund's surplus balance increased \$1,099,793 over 2017, which compares favorably to the budgeted decrease of \$1,308,616.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2018 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$13,419,447, \$127,230 over original budgeted estimates of \$13,292,217. This difference was due primarily to an increase in extraordinary aid and non-public transportation aid over budgeted amounts.

General fund revenues exceeded expenditures by \$1,108,695. Again this surplus compares to a budgeted deficit of \$1,308,616, which was due to the budgeted use of surplus, and reserve withdrawals needed to balance the 2017-2018 budget. The budgeted deficit was reduced due to cost savings in the areas of instruction, maintenance, transportation, and benefits.

Overall general fund balance (budget basis) was \$4,528,721, and amounts ear-marked and reserved for future purposes were \$4,182,926, creating a surplus in unreserved fund balance of \$345,795. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

TEWKSBURY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Capital Assets

At the end of the fiscal year 2018, the School District had \$18,884,275 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2018 balances compared to 2017.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	<u>2018</u>	<u>2017</u>
Land	\$ 1,762,263	\$ 1,762,263
Land Improvements	58,832	64,699
Buildings and Improvements	16,391,434	16,870,346
Machinery and Equipment	133,069	166,132
Vehicles	<u>538,677</u>	<u>452,598</u>
 Totals	 <u>\$ 18,884,275</u>	 <u>\$ 19,316,038</u>

Overall capital assets decreased \$431,763 from fiscal year 2017 to fiscal year 2018. The decrease in capital assets was due to depreciation expense, net of capital spending.

Capital improvements of \$313,142 were purchased during fiscal year 2018. Capital items included capitalization of two new buses, the loading doc project, a walk behind mower and wet roof installation project.

Debt Administration

At June 30, 2018, the School District had \$5,802,352 as outstanding long term debt. Of this amount, \$272,432 is for compensated absences, and \$5,353,000 is for bonds payable.

At June 30, 2018, the School District's overall legal debt margin was \$49,011,189 and the unvoted debt margin was \$43,658,189.

TEWKSBURY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

For the Future

The Tewksbury Township School District is in very good financial condition presently. A major concern is the continued reliance on local property taxes in light of possible state funding decreases. However, future finances are not without challenges as the community continues to grow and state funding is expected to decreased.

It has been increasingly difficult to balance educational needs with increases in property tax rates. The frozen state aid to offset local property taxes in a predominately bedroom community is thought to be the main reason for the problem. This problem seems to be statewide and is not exclusive to the Tewksbury Township School District. The Tewksbury Township School District is primarily a residential community, with very few ratables, thus the burden is focused on homeowners to bear the tax burden.

In conclusion, the Tewksbury Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator/ Board Secretary at Tewksbury Township School District, 173 Old Turnpike Road, Califon, NJ 07830.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

JUNE 30, 2018

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,362,699	\$ 9,957	\$ 4,372,656
Receivables from Other Governments	92,347		92,347
Other Receivables	21,474		21,474
Interfund Receivables	18,641		18,641
Inventory		3,306	3,306
Capital Assets, Net (Note 6):	18,884,275		18,884,275
Total Assets	<u>23,379,436</u>	<u>13,263</u>	<u>23,392,699</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	<u>907,418</u>		<u>907,418</u>
LIABILITIES			
Accounts Payable	44,485		44,485
Interfund Payables	1,489		1,489
Unearned Revenue	5,131		5,131
Accrued Interest	47,047		47,047
Net Pension Liability (Note 8)	3,333,655		3,333,655
Noncurrent Liabilities (Note 7):			
Due Within One Year	638,666		638,666
Due Beyond One Year	5,163,686		5,163,686
Total Liabilities	<u>9,234,159</u>		<u>9,234,159</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	<u>988,352</u>		<u>988,352</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	13,531,275		13,531,275
Reserved for:			
Other Purposes	3,843,743		3,843,743
Unrestricted	<u>(3,310,675)</u>	<u>13,263</u>	<u>(3,297,412)</u>
Total Net Position	<u>\$ 14,064,343</u>	<u>\$ 13,263</u>	<u>\$ 14,077,606</u>

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular	\$ 6,946,058	\$ 40,345	\$ 2,348,481		\$ (4,557,232)		\$ (4,557,232)
Special Education	2,628,622		817,990		(1,810,632)		(1,810,632)
Other Special Instruction	452,891		140,933		(311,958)		(311,958)
School Sponsored Cocurricular	329,795		102,628		(227,167)		(227,167)
Support Services:							
Tuition	404,160		125,769		(278,391)		(278,391)
Student & Instruction Related Serv.	2,732,717		871,193		(1,861,524)		(1,861,524)
School Administrative Services	552,591		171,959		(380,632)		(380,632)
General and Business Admin. Serv.	859,070		267,330		(591,740)		(591,740)
Plant Operations and Maintenance	2,403,237		747,854		(1,655,383)		(1,655,383)
Pupil Transportation	787,394		245,026		(542,368)		(542,368)
Interest and Other Fiscal Charges	173,383		-		(173,383)		(173,383)
Unallocated Depreciation	-		-		-		-
Total Governmental Activities	18,269,918	40,345	5,839,163		(12,390,410)		(12,390,410)
Business-Type Activities:							
Food Service	208,713	187,883	117			\$ (20,713)	(20,713)
Preschool Program	-	-	-			-	-
Total Business-Type Activities	208,713	187,883	117	-	-	(20,713)	(20,713)
Total Primary Government	\$ 18,478,631	\$ 228,228	\$ 5,839,280		\$ (12,390,410)	\$ (20,713)	\$ (12,411,123)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				\$ 12,336,797			\$ 12,336,797
Taxes Levied for Debt Service				770,552			770,552
Investment Earnings				14,330			14,330
Miscellaneous Income				33,006	\$ 832		33,838
Total General Revenues, Special Items, Extraor. Items and Transfers				13,154,685	832		13,155,517
Change in Net Position				764,275	(19,881)		744,394
Net Position—Beginning (As Restated)				13,300,068	33,144		13,333,212
Net Position—Ending				\$ 14,064,343	\$ 13,263		\$ 14,077,606

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

FUND FINANCIAL STATEMENTS

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
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	\$ 3,743,843		\$ 618,210	\$ 646	\$ 4,362,699
Interfund Receivables	636,851				636,851
Other Receivables	21,474				21,474
Receivables from Other Governments	87,216	\$ 5,131			92,347
TOTAL ASSETS	\$ 4,489,384	\$ 5,131	\$ 618,210	\$ 646	\$ 5,113,371
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 44,485				\$ 44,485
Interfund Payable	1,489		\$ 618,210		619,699
Unearned Revenue		\$ 5,131			5,131
Total Liabilities	45,974	5,131	618,210	-	669,315
Fund Balances:					
<u>Restricted for:</u>					
Capital Reserve Account	2,000,051				2,000,051
Maintenance Reserve Account	425,252				425,252
Emergency Reserve Account	160,100				160,100
Excess Surplus	693,245				693,245
Excess Surplus - Designated for Subsequent Year's Expenditures	495,304				495,304
<u>Assigned to:</u>					
General Fund - Designated for Subsequent Year's Expenditures	69,791				69,791
Year-End Encumbrances	339,183				339,183
Debt Service Fund				646	646
<u>Unassigned:</u>					
General Fund	260,484				260,484
Total Fund Balances	4,443,410	-	-	646	4,444,056
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,489,384	\$ 5,131	\$ 618,210	\$ 646	\$ 5,113,371

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 \$30,433,078 and the accumulated depreciation is \$11,548,803.	18,884,275
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)	907,418
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)	(988,352)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(3,333,655)
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(47,047)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(5,802,352)
Net Position of governmental activities	<u>\$14,064,343</u>

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED 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>
REVENUES					
Local sources:					
Local Tax Levy	\$ 12,336,797			\$ 770,552	\$ 13,107,349
Tuition	40,345				40,345
Interest on Capital Reserve	1,821				1,821
Miscellaneous	45,498		\$ 17		45,515
Total - Local Sources	12,424,461	-	17	770,552	13,195,030
State Sources	2,802,831				2,802,831
Federal Sources		\$ 207,775			207,775
Total Revenues	15,227,292	207,775	17	770,552	16,205,636
EXPENDITURES					
Current:					
Regular Instruction	3,851,516	186,965			4,038,481
Special Education Instruction	1,647,520				1,647,520
Other Special Instruction	283,855				283,855
School Sponsored Activities	206,703				206,703
Support services and undistributed costs:					
Tuition	404,160				404,160
Student and Instruction Related Services	1,680,573	20,810			1,701,383
School Administrative Services	340,653				340,653
Other Administrative Services	532,761			-	532,761
Plant Operations and Maintenance	1,220,647				1,220,647
Pupil Transportation	736,393				736,393
Unallocated Benefits	3,467,803				3,467,803
Transfer to Charter School					-
Debt Service:					
Principal				645,000	645,000
Interest and Other Charges				124,906	124,906
Capital Outlay	373,125	-	-		373,125
Total Expenditures	14,745,709	207,775	-	769,906	15,723,390
Excess (Deficiency) of Revenues Over Expenditures	481,583		17	646	482,246
OTHER FINANCING SOURCES (USES)					
Transfers - Capital Projects Fund	618,210		(618,210)		-
Total Other Financing Sources and Uses	618,210	-	(618,210)	-	-
Net Change in Fund Balances	1,099,793	-	(618,193)	646	482,246
Fund Balance—July 1	3,343,617		618,193	-	3,961,810
Fund Balance—June 30	\$ 4,443,410	-	-	\$ 646	\$ 4,444,056

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 482,246

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (744,905)	
Capital Outlays	<u>313,142</u>	(431,763)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(13,224)

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

645,000

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

29,246

In the statement of activities, compensated absence debt is accrued, regardless of when paid. In the governmental funds, the related expense is reported when paid. This is the amount by which current year's debt amount of exceeds the prior year's amount.

48,401

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. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount.

4,369

Change in Net Position of Governmental Activities \$ 764,275

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2018

	Business-Type Activities- Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 9,957	\$ 9,957
Inventories	3,306	3,306
Total Current Assets	<u>13,263</u>	<u>13,263</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	59,548	59,548
Less Accumulated Depreciation	<u>(59,548)</u>	<u>(59,548)</u>
Total Noncurrent Assets		
	<u>13,263</u>	<u>13,263</u>
NET POSITION		
Invested in Capital Assets Net of Related Debt		
Unrestricted	13,263	13,263
Total Net Position	<u>\$ 13,263</u>	<u>\$ 13,263</u>

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities- Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable	\$ 180,954	\$ 180,954
Daily Sales - Non-Reimb. Programs	6,929	6,929
Miscellaneous	832	832
Total Operating Revenues	188,715	188,715
Operating Expenses:		
Cost of Sales	97,833	97,833
Salaries	51,358	51,358
Employee Benefits	12,460	12,460
Repairs	20,419	20,419
Supplies	9,917	9,917
Miscellaneous	9,796	9,796
Other Purchased Professional Services	6,930	6,930
Total Operating Expenses	208,713	208,713
Operating Income (Loss)	(19,998)	(19,998)
Nonoperating Revenues (Expenses):		
Interest Income	117	117
Total Nonoperating Revenues (Expenses)	117	117
Income (Loss) Before Contributions and Transfers	(19,881)	(19,881)
Transfers In (Out)		
Change in Net Position	(19,881)	(19,881)
Total Net Position—Beginning	33,144	33,144
Total Net Position—Ending	\$ 13,263	\$ 13,263

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-Type Activities- Enterprise Funds	
	<u>Food Service</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 188,715	\$ 188,715
Payments to Employees and Benefits	(63,818)	(63,818)
Payments to Suppliers	(153,257)	(153,257)
Net Cash Provided by (used for) Operating Activities	(28,360)	(28,360)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Subsidies and Transfers from Other Funds	2,470	2,470
Net Cash Provided by (used for) Non-Capital Financing Activities	2,470	2,470
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Income	117	117
Net Cash Provided by (used for) Non-Capital Financing Activities	117	117
Net Increase (Decrease) in Cash and Cash Equivalents	(25,773)	(25,773)
Balances—Beginning of Year	35,730	35,730
Balances—End of Year	\$ 9,957	\$ 9,957
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (19,998)	\$ (19,998)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Federal Commodities		
(Increase) Decrease in Accounts Receivable, Net	-	-
(Increase) Decrease in Inventories	(310)	(310)
Increase (Decrease) in Accounts Payable	(8,052)	(8,052)
Total Adjustments	(8,362)	(8,362)
Net Cash Provided by (used for) Operating Activities	\$ (28,360)	\$ (28,360)

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2018

	Unemployment Compensation Trust	Private Scholarship Trust	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 82,367	\$ 18,706	\$ 313,342
Interfund Receivables	<u>-</u>	<u>-</u>	<u>1,489</u>
Total Assets	<u>\$ 82,367</u>	<u>\$ 18,706</u>	<u>\$ 314,831</u>
LIABILITIES			
Payroll Deductions and Accrued Salaries			\$ 213,163
Interfund Payables			18,641
Payable to Student Groups			<u>83,027</u>
Total Liabilities			<u>\$ 314,831</u>
NET POSITION			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 82,367</u>	<u>\$ 18,706</u>	<u> </u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Year Ended June 30, 2018

	Unemployment Compensation <u>Trust</u>	Private Scholarship <u>Trust</u>
ADDITIONS		
Total Contributions		
Plan Member	\$ 14,714	
Employer	<u>30,000</u>	<u>-</u>
Total Contributions	<u>44,714</u>	<u>-</u>
Investment Earnings:		
Interest	<u>188</u>	<u>\$ 52</u>
Net Investment Earnings	<u>188</u>	<u>52</u>
Total Additions	<u>44,902</u>	<u>52</u>
DEDUCTIONS		
Scholarship Awards	-	-
Unemployment Claims	<u>20,999</u>	<u>-</u>
Total Deductions	<u>20,999</u>	<u>-</u>
Change in Net Position	23,903	52
Net Position—Beginning of the Year	<u>58,464</u>	<u>18,654</u>
Net Position—End of the Year	<u>\$ 82,367</u>	<u>\$ 18,706</u>

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

Notes to Financial Statements

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Tewksbury Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provided for the most significant change in financial reporting in over twenty years and was phased-in (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27 and GASB No. 75, Accounting for OPEB. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2017.

A. Reporting Entity:

The Tewksbury Township School District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Tewksbury Township School District had an approximate enrollment at June 30, 2018, of 568 students.

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

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

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

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements : The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements : Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

D. Encumbrance Accounting:

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

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

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

Transfers between governmental and business-type activities on the District-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 the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

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

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

District employees are granted sick leave in varying amounts under the District's personnel contractual agreed policies. Sick leave benefits provide for ordinary sick pay begin vesting with the employee after twenty years of service and payable at set limits upon retirement in the state pension system.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Unearned (Deferred) Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations, have been recorded as unearned revenue. Grants and entitlement received before the eligible requirements are met are also recorded as unearned revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide 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, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position are 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. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS (Continued):

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2018, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

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

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Checking Accounts	<u>\$4,372,656</u>	<u>\$414,415</u>	<u>\$4,787,071</u>
	<u>\$4,372,656</u>	<u>\$414,415</u>	<u>\$4,787,071</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$4,787,071 and the bank balance was \$5,179,861. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$4,929,861 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2018, consisted of transportation charges and intergovernmental state and federal awards. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government-Wide Financial Statements</u>
State Aid	\$87,216	\$87,216
Federal Aid	5,131	5,131
Other Receivables	21,474	21,474
Gross Receivable	113,821	113,821
Less: Allow. for Uncollectibles		
Total Receivables, Net	\$113,821	\$113,821

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2018, consisted of the following:

Food	\$1,920
Supplies	<u>1,386</u>
	<u>\$3,306</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

NOTE 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>		<u>Ending Balance</u>
Governmental Activities:					
<i>Capital Assets Not Being Depreciated:</i>					
Land and Construction in Progress	\$ 1,762,263				\$ 1,762,263
Total Capital Assets Not Being Depreciated	<u>1,762,263</u>				<u>1,762,263</u>
<i>Capital Assets Being Depreciated:</i>					
Land Improvements	248,800				248,800
Buildings and Building Improvements	24,813,963	\$ 137,896			24,951,859
Furniture and Equipment	1,767,271	4,358			1,771,629
Vehicles	1,527,639	170,888			1,698,527
Total at Historical Cost	<u>28,357,673</u>	<u>313,142</u>	-		<u>28,670,815</u>
Less Accumulated Depreciation for:					
Land Improvements	(184,101)	(5,867)			(189,968)
Building and Improvements	(7,943,617)	(616,808)			(8,560,425)
Furniture and Equipment	(1,601,139)	(37,421)			(1,638,560)
Vehicles	(1,075,041)	(84,809)			(1,159,850)
Total Accumulated Depreciation	<u>(10,803,898)</u>	<u>(744,905)</u>	-		<u>(11,548,803)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>17,553,775</u>	<u>(431,763)</u>	-		<u>17,122,012</u>
Government Activity Capital Assets, Net	<u>\$ 19,316,038</u>	<u>\$ (431,763)</u>	-		<u>\$ 18,884,275</u>

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6: CAPITAL ASSETS - (CONTINUED)

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Instruction :	
Regular	\$ 356,307
Support Services:	
Student & Instruction	11,380
General & Business Admin	5,690
School Administration	5,671
Plant & Maintenance	285,610
Pupil Transportation	80,247
Total	\$ 744,905

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2018, are as follows:

	Balance <u>7/1/17</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/18</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 5,998,000		\$ (645,000)	\$ 5,353,000	\$ 600,000
Other Liabilities:					
Capital Lease Obligations	206,166		(29,246)	176,920	28,117
Compensated Absences Payable	320,833		(48,401)	272,432	10,549
Total	\$ 6,524,999	\$ -	\$ (722,647)	\$ 5,802,352	\$ 638,666

Compensated absences have been liquidated in the General Fund.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2018, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance
	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>6/30/2018</u>
2018 Refunding Bonds	4/6/17	2.25%	2/15/26	\$ 4,350,000
2010 School Bonds	9/23/10	2.0-3.1%	7/15/25	1,003,000
Total Bonds				\$ 5,353,000

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2018, is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 600,000	\$ 126,056	\$ 726,056
2020	620,000	112,068	732,068
2021	635,000	97,256	732,256
2022	660,000	82,031	742,031
2023	675,000	66,203	741,203
Thereafter	2,163,000	99,232	2,262,232
	\$ 5,353,000	\$ 582,846	\$ 5,935,846

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

C. Bonds and Notes Authorized but not Issued:

As of June 30, 2018, the District had \$179,163 of authorized but not issued debt for the school facility capital projects authorized by the voters for the purposes of the elementary school construction and the Old Turnpike School renovation.

D. Capital Lease Obligations:

On January 2, 2017, the district entered into an agreement to lease two school buses through U.S. Bancorp. The term of the lease is for six years, with five annual payments of \$32,274 and a sixth payment of \$61,846, which includes interest at 2.35% per annum. The fair market value of the equipment was \$206,166.

NOTE 8: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - 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 additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. 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.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8: PENSION PLANS (Continued)

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$37,687,478 as measured on June 30, 2017 and \$43,887,355 measured on June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,610,798 and revenue of \$2,610,798 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2018 is based upon changes in the collective net pension liability with a measurement period of June 30, 2016 through June 30, 2017. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2016 and June 30, 2017.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/2016</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$17,440,003,201	\$14,251,854,934
Collective deferred inflows of resources	\$195,027,919	\$11,807,233,433
Collective net pension liability (Nonemployer-State of New Jersey)	\$78,666,367,052	\$67,423,605,859
State's portion of the net pension liability that was associated with the district	\$43,887,355	\$37,687,478
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.055789%	0.055897%

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

Inflation:	2.25%	
Salary Increases:		
Through 2021		Varies based on experience
Therafter		Varies based on experience
Investment Rate of Return:	7.00%	

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8: PENSION PLANS (Continued)

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.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk mitig.	5.00%	5.51%
Cash equivalents	5.00%	1.00%
US 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%
US Equity	30.00%	8.19%
Non-US developed markets E	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8: PENSION PLANS (Continued)

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

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2017, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Current</u>	
<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
<u>(3.25%)</u>	<u>(4.25%)</u>	<u>(5.25%)</u>
State's Collective Net Pension Liability	\$ 80,394,331,171 \$ 67,670,209,171 \$ 57,188,022,171	

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2017 was \$23,056,161,829.

Amortization of Deferred Outflows and Inflows of Resources - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in the state's pension expense as follows:

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

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2017 are as follows:

Service cost	\$3,028,689,581
Interest on total pension liability	3,304,988,177
Member contributions	(790,788,033)
Administrative expenses	11,923,787
Expected investment return net of investment expenses	(1,606,947,478)
Pension expense related to specific liabilities of individual employers	(357,659)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	53,331,240
Recognition of assumption changes or inputs	723,829,969
Recognition of investment gains/losses	<u>(36,820,154)</u>
Total pension expense	<u>\$4,687,849,430</u>

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies - 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

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

At June 30, 2018, the District reported a liability of \$3,333,655 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 to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 valuation was determined by an experience study for the period July 1, 2011 to June 30, 2014. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2017 and 2016. At June 30, 2017, the District's proportion was 0.01432% which was a decrease of 0.0009% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$144,464. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8: PENSION PLANS (Continued)

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 78,496	-
Changes of assumptions	671,617	\$ 669,154
Net difference between projected and actual earnings on pension plan investments	22,700	
Changes in proportion and differences between District contributions and proportionate share of contributions	-	319,198
District contributions subsequent to the measurement date	134,605	
Total	<u>\$ 907,418</u>	<u>\$ 988,352</u>

\$134,605 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability measured as of June 30, 2018. 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 Ended June 30:</u>
2018	(\$163,180)
2019	(246,243)
2020	(149,210)
2021	198,450
2022	<u>144,644</u>
Total	<u>(\$215,539)</u>

	<u>6/30/2016</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$8,685,338,380	\$6,424,455,842
Collective deferred inflows of resources	870,133,595	5,700,625,981
Collective net pension liability (Non State - Local Group)	\$29,617,131,759	\$23,278,401,588
District's portion of net pension liability	\$4,507,151	\$3,333,655
District's proportion %	0.01521805%	0.01432081%

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

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

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8: PENSION PLANS (Continued)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk mitig.	5.00%	5.51%
Cash equivalents	5.00%	1.00%
US 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%
US Equity	30.00%	8.19%
Non-US developed markets E	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate. The discount rate used to measure the total pension liability was 5.0% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.0%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

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

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8: PENSION PLANS (Continued)

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(4.00%)</u>	<u>(5.00%)</u>	<u>(6.00%)</u>
District's proportionate share of the net pension liability	\$ 4,135,625	\$3,333,655	\$ 2,665,514

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2017 are as follows:

Service cost	\$93,419
Interest on total ension liability	169,522
Member contributions	(44,438)
Administrative expens	1,163
Expected investment return net of investment expenses	(121,038)
Pension expense related to specific liabilities of individual employers	(1,314)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	14,854
Recognition of assumption changes or inputs	34,614
Recognition of investment gains/losses	<u>(2,319)</u>
Total pension expense	<u>\$144,464</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of 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 cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et seq.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8: PENSION PLANS (Continued)

The contribution requirements of plan members are determined by state statute. 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. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8: PENSION PLANS (Continued)

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee’s annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78’s effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems’ unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

<u>Three-Year Trend Information for PERS</u>			
Year <u>Funding</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2018	\$134,605	100 %	-0-
6/30/2017	\$136,033	100	-0-
6/30/2016	\$132,797	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
Year <u>Funding</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2018	\$858,870	100 %	-0-
6/30/2017	\$630,151	100	-0-
6/30/2016	\$446,671	100	-0-

During the fiscal year ended June 30, 2018, the State of New Jersey did contribute \$1,412,842 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$403,905 during the year ended June 30, 2018, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service (GASB Cod. Sec. 2300.106(g)).

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf

PERS participant retirees

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

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

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-4.55% TPAF 2.15-4.18% PERS Based on years of service
Salary Increases Thereafter:	2.00-5.45% TPAF 3.15-5.15% PERS Based on years of service
Discount rate (2017)	3.58%
Discount rate (2016)	2.85%
Healthcare cost trend rates (PPO Plans)	5.9% decreasing to 5.0% after nine years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.9% decreasing to 5.0% after nine years
Healthcare cost trend rates (Prescription Drug Benefits)	10.5% decreasing to 5.0% after eight years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

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.

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.

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 .

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2016	\$57,831,784,184
<u>Changes for the year:</u>	
Service Cost	2,391,878,884
Interest	1,699,441,736
Benefit Payments	(1,242,412,566)
Contributions from Members	45,748,749
Changes in assumptions or other inputs	(\$7,086,599,129)
Net changes	<u>(\$4,191,942,326)</u>
The State's Total OPEB Liability Balance at 6/30/2017	<u>\$53,639,841,858</u>
 The State's total OPEB liability attributable to the District:	 \$27,086,117

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage -point lower or 1- percentage-point higher than the current discount rate:

	June 30, 2017		
	At 1% Decrease <u>2.58%</u>	At Discount Rate <u>3.58%</u>	At 1% Increase <u>4.58%</u>
Total OPEB Liability (School Retirees)	\$63,674,362,200	\$53,639,841,858	\$45,680,364,953

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

	June 30, 2016		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>1.85%</u>	<u>2.85%</u>	<u>3.85%</u>
Total OPEB Liability (School Retirees)	\$69,283,705,084	\$57,831,784,184	\$48,817,654,566

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	June 30, 2017		
	At 1% Decrease	Health Care Cost	At 1% Increase
		Trend Rate	
Total OPEB Liability (School Retirees)	\$44,113,584,560	\$53,639,841,858	\$66,290,599,457

	June 30, 2016		
	At 1% Decrease	Health Care Cost	At 1% Increase
		Trend Rate	
Total OPEB Liability (School Retirees)	\$47,452,589,164	\$57,831,784,184	\$71,707,778,970

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

For the year ended June 30, 2017, the board of education recognized OPEB expense of \$1,630,601 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes in proportion	\$99,843,255	(\$99,843,255)
Changes of assumptions or other inputs		(\$6,343,769,032)
Total	<u>\$99,843,255</u>	<u>(\$6,443,612,287)</u>

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2018	(\$742,830,097)
2019	(\$742,830,097)
2020	(\$742,830,097)
2021	(\$742,830,097)
2022	(\$742,830,097)
Thereafter	<u>(\$2,629,618,547)</u>
	<u>(\$6,343,769,032)</u>

NOTE 10: DEFERRED COMPENSATION

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

- Vanguard
- AXA Equitable
- Lincoln Financial
- Fidelity Investments
- Variable Annuity Life Ins Co

NOTE 11: COMPENSATED ABSENCES

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

District employees are granted sick leave in varying amounts under the District's personnel contractual agreed policies. Sick leave benefits provide for ordinary sick pay begin vesting with the employee after twenty years of service and payable at set limits upon retirement in the state pension system.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the proprietary fund types.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12: RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the *Benefit Reimbursement Method*. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$188	\$14,714	\$20,999	\$82,367
2016-2017	\$44	\$14,031	\$706	\$58,464
2015-2016	\$28	\$13,005	\$10,096	\$25,095

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The Board is not involved in any disputes incidental to its operations.

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)- Of the \$4,443,410 General Fund fund balance at June 30, 2018, \$339,183 is reserved for encumbrances; \$425,252 is reserved as maintenance reserve in accordance with P.L. 2007 c.62; \$2,000,051 is reserved for Capital Reserve; \$160,100 is reserved for Emergency Reserve; \$1,188,549 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$495,304 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019); \$69,791 is designated for subsequent year's expenditures and has been included as anticipated revenue for the year ending June 30, 2019, and \$260,484 is unreserved and undesignated.

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15: CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(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	\$ 1,143,235
Interest Earnings	1,821
Budgeted Withdrawal	(138,215)
Transfer of unused capital projects funds returned	618,210
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/28/2018	375,000
Ending Balance, June 30, 2018	<u>\$ 2,000,051</u>

NOTE 16: MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.* 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

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

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

Beginning Balance, July 1, 2017	\$ 260,252
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/28/2018	240,000
Withdrawal	(75,000)
Ending Balance, June 30, 2018	<u>\$ 425,252</u>

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 17: EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the School District Board of Education for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning balance July 1, 2017	\$	250,000
Approved Withdrawal		<u>(89,900)</u>
Ending balance June 30, 2018	\$	<u>160,100</u>

NOTE 18: INTERFUND RECEIVABLES AND PAYABLES

A general fund interfund receivable is due from the payroll agency fund (\$8,949) and the student activity fund (\$9,692). The amount owed to the student activity account represents bills paid by the student activity fund on behalf of the general fund.

	<u>Receivable</u>	<u>Payable</u>	
General Fund	\$ 18,641	\$ 1,489	
Payroll Agency		8,949	
Student Activity	<u>1,489</u>	<u>9,692</u>	
	<u>\$ 20,130</u>	<u>\$ 20,130</u>	

NOTE 19: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$693,245.

NOTE 20: TAX ABATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,336,797		\$ 12,336,797	\$ 12,336,797	
Tuition	40,000		40,000	40,345	\$ 345
Transportation	11,300		11,300	-	(11,300)
Interest Earned on Capital Reserve	150		150	1,821	1,671
Miscellaneous	7,400		7,400	45,498	38,098
Total - Local Sources	12,395,647		12,395,647	12,424,461	28,814
State Sources:					
School Choice Aid	335,270		335,270	335,270	
Transportation Aid	101,537		101,537	101,537	
Special Education Aid	345,703	11,200	356,903	356,903	
Security Aid	56,555		56,555	56,555	
Additional Adjustment Aid	38,685		38,685	38,685	
PARCC Readiness Aid	6,530		6,530	6,530	
Per Pupil Growth Aid	6,530		6,530	6,530	
Prof. Learning Comm. Aid	5,760		5,760	5,760	
Other State Aid			-	87,216	87,216
TPAF Pension (On-Behalf - Non-Budgeted)				857,703	857,703
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				553,972	553,972
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				1,167	1,167
TPAF Social Security (Reimbursed - Non-Budgeted)				403,905	403,905
Total State Sources	896,570	11,200	907,770	2,811,733	1,903,963
TOTAL REVENUES	13,292,217	11,200	13,303,417	15,236,194	1,932,777

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	248,558	5,250	253,808	252,702	1,106
Grades 1-5 - Salaries of Teachers	1,878,628	5,442	1,884,070	1,769,999	114,071
Grades 6-8 - Salaries of Teachers	1,462,568	4,234	1,466,802	1,456,473	10,329
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000	-	1,000		1,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	67,576	(36,465)	31,111	26,695	4,416
Other Purchased Services (400-500 series)	33,450	(11,487)	21,963	12,975	8,988
General Supplies	432,573	(70,156)	362,417	295,714	66,703
Textbooks	6,000	(117)	5,883	283	5,600
Other Objects	1,500	117	1,617	1,493	124
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,131,853	(103,182)	4,028,671	3,816,334	212,337
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	795,636	12,473	808,109	808,109	
Other Salaries for Instruction	174,181	54,730	228,911	228,911	
General Supplies	4,800	368	5,168	1,781	3,387
Textbooks	1,000	-	1,000	906	94
Total Resource Room/Resource Center	975,617	67,571	1,043,188	1,039,707	3,481

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Autisim:					
Salaries of Teachers	70,828	93	70,921	70,921	
Other Salaries for Instruction	750	(472)	278	-	278
General Supplies	-	1,527	1,527	224	1,303
Textbooks	100	(100)	-	-	
Total Autisim	71,678	1,048	72,726	71,145	1,581
Preschool Disabilities - Full-Time:					
Salaries of Teachers	97,560	11,000	108,560	91,035	17,525
Other Salaries for Instruction	50,920	-	50,920	32,745	18,175
General Supplies	750	-	750	609	141
Textbooks	100	-	100	84	16
Total Preschool Disabilities - Full-Time	149,330	11,000	160,330	124,473	35,857
Home Instruction:					
Salaries of Teachers	3,000	-	3,000	1,346	1,654
Total Home Instruction	3,000	-	3,000	1,346	1,654
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,199,625	79,619	1,279,244	1,236,671	42,573
Basic Skills/Remedial - Instruction					
Salaries of Teachers	295,469	-	295,469	282,719	12,750
General Supplies	1,300	-	1,300	1,136	164
Total Basic Skills/Remedial - Instruction	296,769	-	296,769	283,855	12,914
TOTAL INSTRUCTION	5,628,247	(23,563)	5,604,684	5,336,860	267,824

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNDISTRIBUTED EXPENDITURES					
School-Sponsored Co/Extra Curricular Activities - Instruction:					
Salaries	95,000	(8,456)	86,544	73,984	12,560
Purchased Services (300-500 series)	1,800	(695)	1,105	-	1,105
Supplies and Materials	600	-	600	-	600
Other Objects	1,300	-	1,300	810	490
Total School-Spon.Co/Extra Curric. Activities - Instruc.	98,700	(9,151)	89,549	74,794	14,755
School-Sponsored Athletics - Instruction:					
Salaries	84,500	21,897	106,397	106,397	-
Purchased Services (300-500 series)	8,000	-	8,000	8,000	
Supplies and Materials	5,000	2,758	7,758	7,758	
Total School-Spon. Athletics - Instruction	97,500	24,655	122,155	122,155	-
Instruction:					
Tuition to Other LEAs within the State-Special	95,995	40,000	135,995	135,960	35
Tuition to CSSD & Regional Day Schools		1,733	1,733	1,733	
Tuition to Private Schools for the Disabled - Within State	221,700	45,793	267,493	266,467	1,026
Total Instruction	317,695	87,526	405,221	404,160	1,061
Attendance & Social Work:					
Salaries	25,000	-	25,000	25,000	
Total Attendance & Social Work	25,000		25,000	25,000	
Health Services:					
Salaries	180,490	2,422	182,912	179,112	3,800
Purchased Professional and Technical Services	6,750	(1,421)	5,329	2,170	3,159
Other Purchased Services (400-500 series)	2,500	(1,048)	1,452	1,452	
Supplies and Materials	8,160	61	8,221	6,563	1,658
Other Objects	300	-	300	170	130
Total Health Services	198,200	14	198,214	189,467	8,747

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Speech/OT/PT Related Services:					
Salaries	140,913	(30,000)	110,913	72,228	38,685
Purchased Professional - Educational Services	138,010	3,448	141,458	134,099	7,359
Supplies and Materials	1,900	94	1,994	1,860	134
Other Objects	5,153	2,143	7,296	4,849	2,447
Total Other Supp. Svsc Students-Spech/OT/PT Rel. Services	285,976	(24,315)	261,661	213,036	48,625
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	144,625	-	144,625	144,625	
Other Purchased Prof. and Tech. Services	3,500	(200)	3,300	-	3,300
Supplies and Materials	3,400	777	4,177	3,216	961
Total Other Supp. Services Students-Regular	151,525	577	152,102	147,841	4,261
Other Supp. Services Students-Child Study Teams:					
Salaries of Other Professional Staff	245,113	-	245,113	218,022	27,091
Salaries of Secretarial and Clerical Assistants	41,713	557	42,270	42,270	
Misc. Purchased Services (400-500 series O/than Resid.Costs)	15,700	(553)	15,147	4,000	11,147
Supplies and Materials	8,850	313	9,163	8,647	516
Other Objects	1,000	-	1,000	880	120
Total Other Supp. Services Students-Child Study Teams	312,376	317	312,693	273,819	38,874

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services :					
Salaries of Supervisor of Instruction	110,648	-	110,648	110,647	1
Salaries of Other Professional Staff	24,000	1,911	25,911	21,609	4,302
Salaries of Secretarial and Clerical Assistants	46,682	5,560	52,242	50,633	1,609
Purchased Professional - Educational Services	87,600	(32,339)	55,261	17,896	37,365
Other Purchased Services (400-500 series)	32,000	(2,763)	29,237	14,872	14,365
Supplies and Materials	2,500	2,867	5,367	5,331	36
Other Objects	2,300	1,203	3,503	3,503	
Total Improvement of Instruction Services	305,730	(23,561)	282,169	224,491	57,678
Educational Media Services/School Library:					
Salaries	127,321	-	127,321	125,541	1,780
Purchased Professional and Technical Services	127,625	-	127,625	127,625	
Other Purchased Services (400-500 series)	118,350	19,880	138,230	132,205	6,025
Supplies and Materials	28,560	(1,886)	26,674	23,190	3,484
Total Educational Media Services/School Library	401,856	17,994	419,850	408,561	11,289
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	15,000	(2,890)	12,110	7,978	4,132
Supplies and Materials	500	-	500	-	500
Other Objects	500	3,086	3,586	3,586	
Total Instructional Staff Training Services	16,000	196	16,196	11,564	4,632

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	215,321	-	215,321	183,972	31,349
Legal Services	25,000	8,314	33,314	33,314	
Audit Fees	16,480	-	16,480	16,480	
Architectural/Engineering Fees	9,000	(6,901)	2,099	-	2,099
Other Purchased Professional Services	7,000	-	7,000	850	6,150
Communications/Telephone	45,000	(28,500)	16,500	13,562	2,938
BOE Other Purchased Services	3,000	(300)	2,700	1,874	826
Other Purchased Services (400-500 series)	22,000	17,618	39,618	38,193	1,425
General Supplies	2,500	2,112	4,612	3,352	1,260
Miscellaneous Expenditures	3,500	2,825	6,325	4,779	1,546
BOE Membership Dues & Fees	7,500	-	7,500	7,303	197
Total Supp. Services - General Administration	356,301	(4,832)	351,469	303,679	47,790
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	289,557	-	289,557	276,092	13,465
Salaries of Secretarial and Clerical Assistants	63,337	500	63,837	51,842	11,995
Other Purchased Services (400-500 series)	5,000	(491)	4,509	4,356	153
Supplies and Materials	5,800	2,562	8,362	6,697	1,665
Other Objects	3,100	(262)	2,838	1,666	1,172
Total Support Services - School Administration	366,794	2,309	369,103	340,653	28,450

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Central Services:					
Salaries	195,929	4,240	200,169	200,169	
Purchased Professional Services	10,000	11,126	21,126	21,126	
Purchased Technical Services	10,000	(9,775)	225	225	
Misc. Purchased Services (400-500 series)	2,500	331	2,831	2,556	275
Supplies and Materials	2,500	213	2,713	2,652	61
Other Objects	1,000	1,354	2,354	2,354	
Total Central Services	221,929	7,489	229,418	229,082	336
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	80,000	122,594	202,594	170,739	31,855
General Supplies	20,000	3,759	23,759	11,466	12,293
Total Required Maintenance for School Facilities	100,000	126,353	226,353	182,205	44,148
Other Operations and Maintenance of Plant:					
Salaries	364,206	-	364,206	347,215	16,991
Purchased Professional and Technical Services	47,000	(3,668)	43,332	36,412	6,920
Cleaning, Repair and Maintenance Services	26,000	58,662	84,662	72,951	11,711
Rental of Land, Building & Other than Lease Purchases	-	370	370	370	
Insurance	102,500	(370)	102,130	66,250	35,880
Misc. Purchased Services	3,500	-	3,500	1,395	2,105
General Supplies	65,000	1,061	66,061	57,390	8,671
Energy (Natural Gas)	95,000	-	95,000	66,428	28,572
Energy (Electricity)	210,000	(1,000)	209,000	161,860	47,140
Other Objects	2,500	1,000	3,500	1,118	2,382
Total Other Operations and Maintenance of Plant	915,706	56,055	971,761	811,389	160,372
Undist. Expend. -Care and Upkeep of Grounds:					
General Supplies	10,000	45,000	55,000	41,167	13,833
Total Undist. Expend. -Care and Upkeep of Grounds	10,000	45,000	55,000	41,167	13,833

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services:					
Salaries for Pupil Trans.(Bet.Home & Sch.)-Regular	297,025	7,636	304,661	292,958	11,703
Salaries for Pupil Trans.(Bet.Home & Sch.)-Sp.Ed.	15,000	(7,000)	8,000	5,817	2,183
Salaries for Pupil Trans.(Other Than Bet.Home & Sch.)	8,000	-	8,000	1,535	6,465
Management Fee - ESC & CTSA Trans. Program	1,200	864	2,064	1,714	350
Other Purchased Prof. and Tech. Services	1,200	-	1,200	1,198	2
Cleaning, Repair and Maintenance Services	80,000	(1,500)	78,500	73,697	4,803
Rental Payments - School Buses	1,000	-	1,000	-	1,000
Lease Purchase Payments - School Buses	32,777	-	32,777	32,275	502
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	97,000	-	97,000	70,973	26,027
Contract Services (Other than Between Home & School)-Vendors	2,000	-	2,000	549	1,451
Contr Serv (Spl. Ed. Students) - Vendors	-	2,308	2,308	2,308	
Contracted Services (Special Education Students)-Joint Agrmnts.	10,000	(2,308)	7,692	3,460	4,232
Contracted Services (Special Education Students)-ESCs & CTSA's	90,000	-	90,000	31,408	58,592
Miscellaneous Purchased Services-Transportation	2,000	-	2,000	-	2,000
General Supplies	750	(22)	728	65	663
Transportation Supplies	60,000	(1,328)	58,672	40,985	17,687
Other Objects	1,250	4,225	5,475	1,472	4,003
Total Student Transportation Services	699,202	2,875	702,077	560,414	141,663
ALLOCATED BENEFITS					
Regular Programs-Instruction:					
Social Security Contributions	4,785	-	4,785	4,041	744
Tuition Reimbursement	35,000	(1,823)	33,177	31,141	2,036
Total Regular Programs-Instruction	39,785	(1,823)	37,962	35,182	2,780
Special Programs - Instruction:					
Social Security Contributions	1,650	-	1,650	1,393	257
Health Benefits	409,456	-	409,456	409,456	
Total Special Programs - Instruction	411,106	-	411,106	410,849	257

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Instructional Programs:					
Social Security Contributions	11,550	-	11,550	9,754	1,796
Total Other Instructional Programs	11,550	-	11,550	9,754	1,796
Health Services:					
Social Security Contributions	1,320	-	1,320	1,115	205
Health Benefits	46,673	-	46,673	46,673	
Total Health Services	47,993	-	47,993	47,788	205
Other Supp Services-Speech/OT/PT & Related Svcs:					
Health Benefits	33,643	-	33,643	33,643	
Total Other Supp Services-Speech/OT/PT & Related Svcs	33,643	-	33,643	33,643	
Other Supp Services-Guidance					
Health Benefits	24,877	-	24,877	24,877	
Total Other Supp Services-Guidance	24,877	-	24,877	24,877	
Other Supp Services-CST					
Social Security Contributions	495	-	495	463	32
Health Benefits	66,338	-	66,338	66,338	
Total Other Supp Services-CST	66,833	-	66,833	66,801	32
Improvement of Instruction Services :					
Social Security Contributions	3,300	-	3,300	2,787	513
Health Benefits	10,898	-	10,898	10,898	
Total Improvement of Instruction Services	14,198	-	14,198	13,685	513

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Operations and Maintenance of Plant:					
Social Security Contributions	29,700	-	29,700	28,571	1,129
Health Benefits	157,315	-	157,315	157,315	
Total Operations and Maintenance of Plant	187,015	-	187,015	185,886	1,129
Student Transportation Services:					
Social Security Contributions	23,100	-	23,100	20,860	2,240
Health Benefits	168,214	-	168,214	155,119	13,095
Total Student Transportation Services	191,314	-	191,314	175,979	15,335
TOTAL ALLOCATED BENEFITS	1,028,314	(1,823)	1,026,491	1,004,444	22,047
UNALLOCATED BENEFITS:					
Group Insurance	7,200	-	7,200	-	7,200
Social Security Contributions	89,100	173	89,273	89,273	
Other Retirement Contributions - PERS	160,000	(173)	159,827	134,605	25,222
Other Retirement Contributions - Regular	3,300	-	3,300	-	3,300
Unemployment Compensation	30,000	-	30,000	30,000	
Workman's Compensation	83,750	-	83,750	76,123	7,627
Health Benefits	1,447,586	(70,681)	1,376,905	1,203,475	173,430
Other Employee Benefits	320,000	(108,467)	211,533	117,580	93,953
TOTAL UNALLOCATED BENEFITS	2,140,936	(179,148)	1,961,788	1,651,056	310,732
On-behalf TPAF pension Contrib. (non-budgeted)				857,703	(857,703)
On-behalf TPAF PRM Contrib. (non-budgeted)				553,972	(553,972)
On-behalf TPAF pension LTD Ins. (non-budgeted)				1,167	(1,167)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				403,905	(403,905)
TOTAL ON-BEHALF CONTRIBUTIONS				1,816,747	(1,816,747)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	3,169,250	(180,971)	2,988,279	4,472,247	332,779
TOTAL UNDISTRIBUTED EXPENDITURES	8,049,740	128,530	8,178,270	9,035,724	959,293

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
TOTAL GENERAL CURRENT EXPENSE	13,677,987	104,967	13,782,954	14,372,584	1,227,117
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures - Operations Plant Equipment		10,159	10,159	4,359	5,800
School Buses - Regular	125,000	181,629	306,629	173,929	132,700
Total Equipment	125,000	191,788	316,788	178,288	138,500
Facilities Acquisition and Construction Services					
Legal Services		-			
Architectural/Engineering Services	70,000	3,776	73,776	3,776	70,000
Other Purchased Prof. and Tech. Services		39,579	39,579	-	39,579
Construction Services	675,000	54,760	729,760	138,215	591,545
Assessment for Debt Service on SDA Funding	52,846	-	52,846	52,846	
Total Facilities Acquisition and Construction Services	797,846	98,115	895,961	194,837	701,124
TOTAL CAPITAL OUTLAY	922,846	289,903	1,212,749	373,125	839,624
TOTAL EXPENDITURES	14,600,833	394,870	14,995,703	14,745,709	2,066,741
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,308,616)	(383,670)	(1,692,286)	490,485	2,182,771
Other Financing Sources (Uses):					
Operating Transfer In/(Out):					
Transfer from Capital Projects Fund to Capital Reserve		-		618,210	(618,210)
Total Transfer In/(Out)				618,210	(618,210)

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,308,616)	(383,670)	(1,692,286)	1,108,695	1,564,561
Fund Balance, July 1	3,420,026		3,420,026	3,420,026	
Fund Balance, June 30	<u>\$ 2,111,410</u>	<u>\$ (383,670)</u>	<u>\$ 1,727,740</u>	<u>\$ 4,528,721</u>	<u>\$ 1,564,561</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 2,000,051	
Emergency Reserve				160,100	
Maintenance Reserve				425,252	
Excess Surplus				693,245	
Excess Surplus - Designated for Subsequent Year's Expenditures				495,304	
Assigned to:					
Designated for Subsequent Year's Expenditures				69,791	
Year-End Encumbrances				339,183	
Unassigned:					
Unrestricted Fund Balance				<u>345,795</u>	
Fund Balance, June 30				<u>\$ 4,528,721</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				\$ 4,528,721	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(85,311)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 4,443,410</u>	

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Federal Sources	\$ 139,800	\$ 73,106	\$ 212,906	\$ 207,775	\$ (5,131)
Total Revenues	139,800	73,106	212,906	207,775	(5,131)
EXPENDITURES:					
Instruction					
Tuition	107,000	7,421	114,421	114,421	-
General Supplies	26,000	46,544	72,544	72,544	-
Total Instruction	133,000	53,965	186,965	186,965	-
Support Services					
Purchased Ed. Services	6,800	885	7,685	7,685	-
Other Purchased Professional Services	-	14,756	14,756	10,625	4,131
Supplies and Materials	-	3,500	3,500	2,500	1,000
Total Support Services	6,800	19,141	25,941	20,810	5,131
Total Expenditures	139,800	73,106	212,906	207,775	5,131
Total Outflows	\$ 139,800	\$ 73,106	\$ 212,906	\$ 207,775	\$ 5,131

**Excess (Deficiency) of Revenues Over (Under)
Expenditures and Other Financing Sources (Uses)**

Fund Balance per Governmental Funds(Budgetary Basis)	None
Reconciliation to Governmental Funds Statement(GAAP Basis):	
Last State Aid Payment not recognized on GAAP basis	
Fund Balance per Governmental Funds(GAAP Basis)	None

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2018

**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) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 15,236,194	\$ 207,775
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	-
Current Year Encumbrances	N/A	-
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	76,409	-
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(85,311)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 15,227,292</u>	<u>\$ 207,775</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 14,745,709	\$ 207,775
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	-
Current Year Encumbrances	N/A	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	N/A	N/A
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 14,745,709</u>	<u>\$ 207,775</u>

**Tewksbury Township School District
Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years ***

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<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>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A					
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A					
State's proportionate share of the net pension liability (asset) associated with the District	\$ 37,687,478	\$ 43,887,355	\$ 35,791,233	\$ 27,940,510	\$ 28,345,958					
Total	\$ 37,687,478	\$ 43,887,355	\$ 35,791,233	\$ 27,940,510	\$ 28,345,958					
District's covered employee payroll	\$ 5,693,322	\$ 5,819,343	\$ 6,068,529	\$ 5,738,347	\$ 5,546,980					
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A					
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%					

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

Exhibit L-1

Public Employees' Retirement System (PERS)

	<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>
District's proportion of the net pension liability (asset)	0.01432081%	0.015218052%	0.015446329%	0.0157610715%	0.0171614473%					
District's proportionate share of the net pension liability (asset)	\$ 3,333,655	\$ 4,507,151	\$ 3,467,391	\$ 2,950,904	\$ 3,279,894					
District's covered employee payroll	\$ 1,015,919	\$ 1,021,654	\$ 1,642,459	\$ 1,060,433	\$ 1,048,742					
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	328.14%	441.16%	211.11%	278.27%	312.75%					
Plan fiduciary net position as a percentage of the total pension liability (Local)	58.18%	40.14%	47.92%	52.08%	48.72%					

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Tewksbury Township School District
Required Supplementary Information - Part III
Schedule of District Contributions
Last Ten Fiscal Years ***

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	<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>
Contractually required contribution **	858,870	630,151	446,671	306,151	221,155	362,411	180,836	17,708	16,863	16,625
Contributions in relation to the contractually required contribution **	(858,870)	(630,151)	(446,671)	(306,151)	(221,155)	(362,411)	(180,836)	(17,708)	(16,863)	(16,625)
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 5,693,322	\$ 5,819,343	\$ 6,068,529	\$ 5,738,347	\$ 5,546,980	\$ 5,448,222	\$ 5,192,758	\$ 5,280,688	\$ 5,600,952	\$ 5,595,553
Contributions as a percentage of covered-employee payroll	15.09%	10.83%	7.36%	5.34%	3.99%	6.65%	3.48%	0.34%	0.30%	0.30%

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

Public Employees' Retirement System (PERS)

	<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>
Contractually required contribution	\$ 134,605	\$ 136,033	\$ 132,797	\$ 129,932	129,308	140,211	142,938	131,088	117,685	97,361
Contributions in relation to the contractually required contribution	<u>(134,605)</u>	<u>(136,033)</u>	<u>(132,797)</u>	<u>(129,932)</u>	<u>(129,308)</u>	<u>(140,211)</u>	<u>(142,938)</u>	<u>(131,088)</u>	<u>(117,685)</u>	<u>(97,361)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 1,015,919	\$ 1,021,654	\$ 1,642,459	\$ 1,083,477	\$ 1,060,433	\$ 1,048,742	\$ 1,179,412	\$ 1,282,599	\$ 1,340,130	\$ 1,219,101
Contributions as a percentage of covered-employee payroll	13.25%	13.31%	8.09%	11.99%	12.19%	13.37%	12.12%	10.22%	8.78%	7.99%

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

Tewksbury Township School District
 Required Supplementary Information - Part III
 Schedule of Changes in the State's Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years *

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

The State of New Jersey's Total OPEB Liability	<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>
Service Cost	\$ 2,391,878,884	\$ 1,723,999,319								
Interest	1,699,441,736	1,823,643,792								
Benefit Payments	(1,242,412,566)	(1,223,298,019)								
Contributions from Members	45,748,749	46,273,747								
Changes of Assumptions or other inputs	<u>\$ (7,086,599,129)</u>	<u>8,611,513,521</u>								
Net change in total OPEB liability	(4,191,942,326)	10,982,132,360								
Total OPEB Liability - Beginning	<u>\$ 57,831,784,184</u>	<u>\$46,849,651,824</u>								
Total OPEB Liability - Ending	<u>\$ 53,639,841,858</u>	<u>\$57,831,784,184</u>								
The State of New Jersey's total OPEB liability **	\$ 53,639,841,858	\$57,831,784,184								
The State of New Jersey's OPEB liability attributable to the District **	\$ 27,086,117	\$ 29,199,802								
The District's proportionate share of the total OPEB liability	Zero	Zero								
District's covered employee payroll	\$ 6,709,241	\$ 6,840,997								
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%								
District's contribution	None	None								
State's covered employee payroll ***	\$ 13,493,400,208	\$13,493,400,208								
Total State's OPEB liability as a percentage of its covered-employee payroll	397.53%	428.59%								

** Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

*** Based on payroll on the June 30, 2016 census data

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension and OPEB Schedules

For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

Changes of benefit terms. 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.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

OPEB Schedules

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

Public Employees' Retirement System (PERS)

Pension Schedules

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OPEB Schedules

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2018

	Title I	Title II Part A	Title IV	Other Federal Grants	IDEA Basic	IDEA Pre-School	Totals
REVENUES							
Federal Sources	\$ 27,915	\$ 3,125	\$ 10,000	\$ 44,629	\$ 114,421	\$ 7,685	\$207,775
TOTAL REVENUES	27,915	3,125	10,000	44,629	114,421	7,685	207,775
EXPENDITURES:							
Instruction:							
Tuition					114,421		114,421
General Supplies	27,915			44,629			72,544
Total Instruction	27,915	-	-	44,629	114,421	-	186,965
Support Services:							
Purchased Professional Educ. Serv.						7,685	7,685
Other Purchased Services		3,125	7,500				10,625
Supplies and Materials			2,500				2,500
Total Support Services	-	3,125	10,000	-	-	7,685	20,810
TOTAL EXPENDITURES	27,915	3,125	10,000	44,629	114,421	7,685	207,775
Total Outflows	27,915	3,125	10,000	44,629	114,421	7,685	207,775
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)							

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2018

<u>Issue/Project Title</u>	<u>Approval</u>	<u>Original Date</u>	<u>Original Appropriations</u>	<u>Revised Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2018</u>
					<u>Prior Years</u>	<u>Current Year</u>	
New Elementary School	Board of Education SDA Grant	7/19/00	\$ 8,996,610	\$ 10,541,665	\$ 10,541,665	-	-
			<u>3,973,390</u>	<u>3,973,390</u>	<u>3,973,390</u>	-	-
			12,970,000	14,515,055	14,515,055	-	-
Backup Generator at Old Turnpike School	Board of Education SDA Grant	6/30/09	158,199	44,929	44,929	-	-
			<u>29,953</u>	<u>29,953</u>	<u>29,953</u>	-	-
			188,152	74,882	74,882	-	-
Roof & Boiler Replacement Old Turnpike	Board of Education SDA Grant	6/30/10	1,990,909	1,492,941	1,492,941	-	-
			<u>995,294</u>	<u>995,294</u>	<u>995,294</u>	-	-
			2,986,203	2,488,235	2,488,235	-	-
Air Conditioner Upgrades Old Turnpike	Board of Education SDA Grant	6/30/10	1,069,988	587,466	587,466	-	-
			<u>366,777</u>	<u>329,477</u>	<u>329,477</u>	-	-
			1,436,765	916,943	916,943	-	-
Window Replacement at Old Turnpike	Board of Education SDA Grant	5/18/11	343,267	142,689	142,689	-	-
			<u>95,126</u>	<u>95,126</u>	<u>95,126</u>	-	-
			438,393	237,815	237,815	-	-
Generator Install at Old Turnpike School	Board of Education SDA Grant	6/30/14	297,000	246,077	246,077	-	-
			<u>198,000</u>	<u>178,453</u>	<u>178,453</u>	-	-
			495,000	424,530	424,530	-	-
Security Upgrades at Tewksbury Elem.	Board of Education SDA Grant	6/30/14	201,000	112,350	112,350	-	-
			<u>134,000</u>	<u>88,338</u>	<u>88,338</u>	-	-
			335,000	200,688	200,688	-	-
HVAC & Ventilator Upgrades at Old Turnpike	Board of Education SDA Grant	6/30/14	147,000	717,682	717,682	-	-
			<u>98,000</u>	<u>98,000</u>	<u>98,000</u>	-	-
			245,000	815,682	815,682	-	-
HVAC Upgrades at Tewksbury Elem.	Board of Education SDA Grant	6/30/14	30,000			-	-
			<u>20,000</u>	<u>7,715</u>	<u>7,715</u>	-	-
			50,000	7,715	7,715	-	-
Totals			<u>\$ 19,144,513</u>	<u>\$ 19,681,545</u>	<u>\$ 19,681,545</u>	-	-
						Fund Balance	-

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

**CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2018

Revenues and Other Financing

Sources

Transfer to capital reserve	\$ (618,210)
Interest Earned	<u>17</u>
Total Revenues	(618,193)
Excess(deficiency) of revenues over(under) expenditures	(618,193)
Fund Balance - beginning	<u>\$ 618,193</u>
Fund Balance - ending	<u>-</u>

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
CONSTRUCTION OF NEW ELEMENTARY SCHOOL

From Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 8,996,000		\$ 8,996,000	\$ 8,996,000
Other Local Financing	1,550,000	\$ (4,735)	1,545,265	1,545,265
NJ SDA Grant	3,973,790		3,973,790	3,973,790
Total Revenues	<u>14,519,790</u>	<u>(4,735)</u>	<u>14,515,055</u>	<u>14,515,055</u>
Expenditures and Other Financing Sources				
Purchased professional and technical services	\$ 1,704,264		\$ 1,704,264	\$ 1,704,264
Construction services	12,810,791		12,810,791	12,810,791
Total Expenditures	<u>14,515,055</u>	<u>-</u>	<u>14,515,055</u>	<u>14,515,055</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 4,735</u>	<u>(4,735)</u>	<u>-</u>	

Additional project information:

Project number	SP#201134
Authorized Date	7/19/2000
Bond Authorization Date	7/19/2000
Bonds Authorized	\$12,970,000
Bonds Issued	\$8,996,000
Original Authorized Cost	\$12,970,000
Additional Authorized Cost	\$1,549,790
Revised Authorized Cost	\$14,519,790

Percentage Increase over Original

Authorized Cost	11.9%
Percentage Completion	100%

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit F-2b

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
ACQUISITION OF A GENERATOR

From Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfer from Capital Outlay	\$ 53,333	\$ (11,604)	\$ 41,729	\$ 41,729
NJ SDA Grant	33,153		33,153	33,153
Total Revenues	<u>86,486</u>	<u>(11,604)</u>	<u>74,882</u>	<u>74,882</u>
Expenditures and Other Financing Sources				
Purchased professional and technical services	\$ 4,336	\$	\$ 4,336	\$ 12,740
Construction services	70,546		70,546	62,142
Total Expenditures	<u>74,882</u>	<u>-</u>	<u>74,882</u>	<u>74,882</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 11,604</u>	<u>\$ (11,604)</u>	<u>-</u>	

Additional project information:

Project number	5180-055-09-1002
Authorized Date	6/30/2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$188,152
Additional Authorized Cost	-\$101,666
Revised Authorized Cost	\$86,486
Percentage Increase over Original Authorized Cost	-54.0%
Percentage Completion	100.0%

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit F-2c

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
ROOF AND BOILER REPLACEMENT AND OTHER IMPROVMENTS TO THE OLD TURNPIKE SCHOOL

From Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 991,007		\$ 991,007	\$ 991,722
Transfer from Capital Reserve	800,000	\$ (322,126)	477,874	477,874
NJ SDA Grant	1,019,354		1,019,354	1,019,354
Total Revenues	<u>2,810,361</u>	<u>(322,126)</u>	<u>2,488,235</u>	<u>2,488,950</u>
Expenditures and Other Financing Sources				
Purchased professional and technical services	\$ 216,682		\$ 216,682	\$ 468,844
Construction services	2,271,553		2,271,553	2,020,106
Total Expenditures	<u>2,488,235</u>	<u>-</u>	<u>2,488,235</u>	<u>2,488,950</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 322,126</u>	<u>\$ (322,126)</u>	<u>-</u>	

Additional project information:

Project number	5108-030-09-1003
Authorized Date	7/9/2010
Bond Authorization Date	7/9/2010
Bonds Authorized	\$991,722
Bonds Issued	\$991,007
Original Authorized Cost	\$2,986,203
Additional Authorized Cost	-\$175,127
Revised Authorized Cost	\$2,811,076
Percentage Increase over Original Authorized Cost	-5.9%
Percentage Completion	100.0%

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit F-2d

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
AIR CONDITIONING UPGRADES AND MAIN OFFICE RENOVATION AT THE OLD TURNPIKE SCHOOL

From Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 641,993	\$ 641,993	\$ 641,993	\$ 641,993
Transfer to Capital Reseve		\$ (54,527)	(54,527)	\$ (54,527)
NJ SDA Grant	329,477		329,477	329,477
Total Revenues	971,470	(54,527)	916,943	916,943
Expenditures and Other Financing Sources				
Purchased professional and technical services	\$ 102,292	\$ 102,292	\$ 102,292	\$ 141,634
Construction services	814,651		814,651	775,309
Total Expenditures	916,943	-	916,943	916,943
Excess(deficiency) of revenues over(under) expenditures	\$ 54,527	\$ (54,527)	-	

Additional project information:

Project number	5180-030-09-1001
Authorized Date	7/9/2010
Bond Authorization Date	7/9/2010
Bonds Authorized	\$641,993
Bonds Issued	\$641,993
Original Authorized Cost	\$1,069,988
Additional Authorized Cost	-\$98,518
Revised Authorized Cost	\$971,470
Percentage Increase over Original Authorized Cost	-9.2%
Percentage Completion	100.0%

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit F-2e

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
WINDOW REPLACEMENT IN THE 1968 AND 1974 WINGS AT OLD TURNPIKE SCHOOL

From Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 205,960	\$ (73,484)	\$ 132,476	\$ 132,476
NJ SDA Grant	105,339		105,339	105,339
Total Revenues	311,299	(73,484)	237,815	237,815
Expenditures and Other Financing Sources				
Purchased professional and technical services	-		-	
Construction services	\$ 237,815		\$ 237,815	\$ 237,815
Total Expenditures	237,815	-	237,815	237,815
Excess(deficiency) of revenues over(under) expenditures	\$ 73,484	\$ (73,484)	-	

Additional project information:

Project number	5180-030-10-1001
Authorized Date	5/18/2011
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$343,267
Additional Authorized Cost	-\$31,968
Revised Authorized Cost	\$311,299
Percentage Increase over Original Authorized Cost	-9.3%
Percentage Completion	100.00%

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit F-2f

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
GENERATOR INSTALLATION AT OLD TURNPIKE SCHOOL

From Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 297,000	\$ (50,923)	\$ 246,077	\$ 246,077
NJ SDA Grant	178,453		178,453	178,453
Total Revenues	<u>475,453</u>	<u>(50,923)</u>	<u>424,530</u>	<u>424,530</u>
Expenditures and Other Financing Sources				
Purchased professional and technical services	\$ 4,616		\$ 4,616	\$ 47,300
Construction services	419,914		419,914	377,230
Total Expenditures	<u>424,530</u>	<u>-</u>	<u>424,530</u>	<u>424,530</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 50,923</u>	<u>\$ (50,923)</u>	<u>-</u>	

Additional project information:

Project number	5180-030-14-2004
Authorized Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$495,000
Additional Authorized Cost	-\$19,547
Revised Authorized Cost	\$475,453

Percentage Increase over Original Authorized Cost	-3.9%
Percentage Completion	100.00%

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit F-2g

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
SECURITY UPGRADES AT TEWKSBURY ELEMENTARY SCHOOL

From Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 201,000	\$ (88,650)	\$ 112,350	\$ 112,350
NJ SDA Grant	88,338		88,338	88,338
Total Revenues	<u>289,338</u>	<u>(88,650)</u>	<u>200,688</u>	<u>200,688</u>
Expenditures and Other Financing Sources				
Purchased professional and technical services	\$ 13,942		\$ 13,942	\$ 32,500
Construction services	186,746		186,746	168,188
Total Expenditures	<u>200,688</u>	<u>-</u>	<u>200,688</u>	<u>200,688</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 88,650</u>	<u>\$ (88,650)</u>	<u>-</u>	

Additional project information:

Project number	5108-055-14-1008
Authorized Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$335,000
Additional Authorized Cost	-\$45,662
Revised Authorized Cost	\$289,338
Percentage Increase over Original Authorized Cost	-13.6%
Percentage Completion	100.00%

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
HVAC AND VENTILATOR UPGRADES IN ADMINISTRATION WING
AND TECHNOLOGY OFFICE AT OLD TURNPIKE SCHOOL

From Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 469,682	\$ 21,055	\$ 490,737	\$ 490,737
Transfer from Capital Outlay	226,945		226,945	253,918
NJ SDA Grant	98,000		98,000	98,000
Total Revenues	<u>794,627</u>	<u>21,055</u>	<u>815,682</u>	<u>842,655</u>
Expenditures and Other Financing Sources				
Purchased professional and technical services	\$ 7,770		\$ 7,770	\$ 25,000
Construction services	807,912		807,912	817,655
Total Expenditures	<u>815,682</u>	<u>-</u>	<u>815,682</u>	<u>842,655</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ (21,055)</u>	<u>21,055</u>	<u>-</u>	

Additional project information:

Project number	5180-030-14-2006
Authorized Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$245,000
Additional Authorized Cost	\$576,600
Revised Authorized Cost	\$821,600
Percentage Increase over Original Authorized Cost	235.3%
Percentage Completion	100.00%

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit F-2i

**CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
HVAC UPGRADES IN ADMINISTRATION WING, NURSE'S AND CHILD STUDY
TEAM'S OFFICES AT TEWKSBURY ELEMENTARY SCHOOL**

From Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 30,000	\$ (33,116)	\$ (3,116)	\$ (3,116)
NJ SDA Grant	10,831		10,831	10,831
Total Revenues	<u>40,831</u>	<u>(33,116)</u>	<u>7,715</u>	<u>7,715</u>
Expenditures and Other Financing Sources				
Purchased professional and technical services	\$ 3,650		\$ 3,650	\$ 3,650
Construction services	\$ 4,065		4,065	4,065
Total Expenditures	<u>7,715</u>	<u>-</u>	<u>7,715</u>	<u>7,715</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 33,116</u>	<u>\$ (33,116)</u>	<u>-</u>	

Additional project information:

Project number	5180-055-14-1007
Authorized Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$50,000
Additional Authorized Cost	-\$9,169
Revised Authorized Cost	\$40,831
Percentage Increase over Original Authorized Cost	-18.3%
Percentage Completion	100.00%

**PROPRIETARY FUND
DETAIL STATEMENTS**

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

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2018

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>		PRIVATE SCHOLARSHIP <u>TRUST</u>		<u>AGENCY FUNDS</u> STUDENT ACTIVITY		PAYROLL <u>AGENCY</u>	<u>TOTALS</u>		
ASSETS:										
Cash and Cash Equivalents	\$	82,367	\$	18,706	\$	91,230	\$	222,112	\$	414,415
Interfund Receivable						1,489				1,489
TOTAL ASSETS	\$	82,367	\$	18,706	\$	92,719	\$	222,112	\$	415,904
LIABILITIES:										
Liabilities:										
Payroll Deductions and Withholdings							\$	7,004	\$	7,004
Summer Pay Wages								206,159		206,159
Interfund Payable					\$	9,692		8,949		18,641
Payable to Student Groups						83,027				83,027
Total Liabilities						92,719		222,112		314,831
NET POSITION										
Held in Trust for Unemployment										
Claims and Other Purposes	\$	82,367	\$	18,706						101,073
TOTAL LIABILITIES AND NET POSITION	\$	82,367	\$	18,706	\$	92,719	\$	222,112	\$	415,904

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit H-2

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	SCHOLARSHIP <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS			
Contributions:			
Plan Member	\$ 14,714		\$ 14,714
Employer	30,000	-	30,000
Total Contributions	<u>44,714</u>	<u>-</u>	<u>44,714</u>
Investment Earnings:			
Interest	188	\$ 52	240
Net Investment Earnings	<u>188</u>	<u>52</u>	<u>240</u>
Total Additions	<u>44,902</u>	<u>52</u>	<u>44,954</u>
DEDUCTIONS			
Scholarship Awards		-	-
Unemployment Claims	20,999	-	20,999
Total Deductions	<u>20,999</u>	<u>-</u>	<u>20,999</u>
Change in Net Position	23,903	52	23,955
Net Position—Beginning of the Year	<u>58,464</u>	<u>18,654</u>	<u>77,118</u>
Net Position—End of the Year	<u>\$ 82,367</u>	<u>\$ 18,706</u>	<u>\$ 101,073</u>

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>BALANCE</u> <u>JULY 1, 2017</u>	<u>TRANSFERS</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
Tewksbury Township School	\$ 3,832		\$ 8,403	\$ 8,487	\$ 3,748
Old Turnpike School	31,336		142,853	136,696	37,493
Library	2,128		439	1,231	1,336
Tewksbury Education Foundation	9,839		27		9,866
Mini Grant	25,440		2,013	2,433	25,020
Play Account	13,746		21		13,767
Totals	<u>\$ 86,321</u>	<u>\$ -</u>	<u>\$ 153,756</u>	<u>\$ 148,847</u>	<u>\$ 91,230</u>

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>BALANCE</u> <u>JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 247,962	\$ 13,204,482	\$ 13,230,332	\$ 222,112
Total Assets	<u>\$ 247,962</u>	<u>\$ 13,204,482</u>	<u>\$ 13,230,332</u>	<u>\$ 222,112</u>
 LIABILITIES:				
Payroll Deductions and Withholdings	\$ (6,892)	\$ 8,326,249	\$ 8,316,974	\$ 2,383
Interfund Payable	6,449	2,500		8,949
Summer Pay	241,368	206,159	241,368	206,159
Salaries and Wages	<u>7,037</u>	<u>4,669,574</u>	<u>4,671,990</u>	<u>4,621</u>
Total Liabilities	<u>\$ 247,962</u>	<u>\$ 13,204,482</u>	<u>\$ 13,230,332</u>	<u>\$ 222,112</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS
AS OF 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 JULY 1, 2017</u>	<u>RETIRED</u>	<u>REFUNDED</u>	<u>BALANCE JUNE 30, 2018</u>
			<u>DATE</u>	<u>AMOUNT</u>					
2018 Refunding Issue	4/6/17	\$ 4,890,000	2/15/19	490,000	2.25%	\$ 4,890,000	\$ 540,000		\$ 4,350,000
			2/15/20	505,000	2.25%				
			2/15/21	520,000	2.25%				
			2/15/22	540,000	2.25%				
			2/15/23	550,000	2.25%				
			2/15/24	565,000	2.25%				
			2/15/25	585,000	2.25%				
			2/15/26	595,000	2.25%				
2010 School Bonds	9/23/10	1,633,000	7/15/18	110,000	2.25%	1,108,000	105,000		1,003,000
			7/15/19	115,000	3.00%				
			7/15/20	115,000	3.00%				
			7/15/21	120,000	3.00%				
			7/15/22	125,000	3.00%				
			7/15/23	125,000	3.00%				
			7/15/24	140,000	3.00%				
			7/15/25	153,000	3.10%				
Total						\$ 5,998,000	\$ 645,000	\$ -	\$ 5,353,000

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit I-2

**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>LEASE TERM</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>AMOUNT OUTSTANDING 7/1/2017</u>	<u>ADDITIONAL OBLIGATIONS INCURRED</u>	<u>RETIRED CURRENT YEAR PRINCIPAL PAYMENTS</u>	<u>AMOUNT OUTSTANDING 6/30/2018</u>
Two Thomas School Buses	2.35%	6 Years	\$ 206,166	\$ 206,166		\$ 29,246	\$ 176,920
Total				206,166	\$ -	29,246	\$ 176,920

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 770,552		\$ 770,552	\$ 770,552	
TOTAL REVENUES	770,552	-	770,552	770,552	-
EXPENDITURES:					
Regular Debt Service:					
Interest	124,906		124,906	124,906	-
Redemption of Principal	645,000		645,000	645,000	
Fiduciary Fees			-	-	
Total Regular Debt Service	769,906	-	769,906	769,906	-
TOTAL EXPENDITURES	\$ 769,906	\$ -	\$ 769,906	\$ 769,906	
Excess (Deficiency) of Revenues Over Expenditures	646	-	646	646	-
Fund Balance, July 1				-	
Fund Balance, June 30	646		646	646	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance					

Tewksbury Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	111-116
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	117-120
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	121-124
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	125-126
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	127-131

Sources:

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

Tewksbury Township School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets, net of related debt	\$ 10,394,460	\$ 10,460,711	\$ 10,419,029	\$ 12,236,055	\$ 12,077,141	\$ 12,090,136	\$ 12,410,474	\$ 13,224,291	\$ 13,318,038	\$ 13,531,275
Restricted	1,276,063	1,785,745	2,201,942	1,898,553	2,328,637	2,427,315	2,309,830	2,678,463	2,712,957	3,843,743
Unrestricted	1,041,785	660,825	838,700	546,667	474,941	(2,115,589)	(1,704,873)	(2,424,386)	(2,730,927)	(3,310,675)
Total governmental activities net position	<u>\$ 12,712,308</u>	<u>\$ 12,907,281</u>	<u>\$ 13,459,571</u>	<u>\$ 14,681,275</u>	<u>\$ 14,880,719</u>	<u>\$ 12,401,862</u>	<u>\$ 13,015,431</u>	<u>\$ 13,478,368</u>	<u>\$ 13,300,068</u>	<u>\$ 14,064,343</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 18,258	\$ 14,431	\$ 10,604	\$ 7,472	\$ 9,118	\$ 6,982	\$ 5,334	-	-	-
Restricted										
Unrestricted	54,500	50,729	59,642	63,252	55,708	57,655	70,742	\$ 59,440	\$ 33,144	\$ 13,263
Total business-type activities net position	<u>\$ 72,758</u>	<u>\$ 65,160</u>	<u>\$ 70,246</u>	<u>\$ 70,724</u>	<u>\$ 64,826</u>	<u>\$ 64,637</u>	<u>\$ 76,076</u>	<u>\$ 59,440</u>	<u>\$ 33,144</u>	<u>\$ 13,263</u>
District-wide										
Invested in capital assets, net of related debt	\$ 10,412,718	\$ 10,475,142	\$ 10,429,633	\$ 12,243,527	\$ 12,086,259	\$ 12,097,118	\$ 12,415,808	\$ 13,224,291	\$ 13,318,038	\$ 13,531,275
Restricted	1,276,063	1,785,745	2,201,942	1,898,553	2,328,637	2,427,315	2,309,830	2,678,463	2,712,957	3,843,743
Unrestricted	1,096,285	711,554	898,342	609,919	530,649	(2,057,934)	(1,634,131)	(2,364,946)	(2,697,783)	(3,297,412)
Total district net position	<u>\$ 12,785,066</u>	<u>\$ 12,972,441</u>	<u>\$ 13,529,817</u>	<u>\$ 14,751,999</u>	<u>\$ 14,945,545</u>	<u>\$ 12,466,499</u>	<u>\$ 13,091,507</u>	<u>\$ 13,537,808</u>	<u>\$ 13,333,212</u>	<u>\$ 14,077,606</u>

Source: CAFR Schedule A-1

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

Exhibit J-2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,686,581	\$ 5,764,872	\$ 5,506,545	\$ 5,421,709	\$ 5,509,200	\$ 5,208,687	\$ 6,288,589	\$ 6,317,192	\$ 7,116,437	\$ 6,946,058
Special education	1,160,591	1,384,533	1,557,375	1,657,788	1,698,692	1,666,344	1,898,621	2,126,108	2,543,732	2,628,622
Other special education	533,263	503,105	571,448	644,158	596,262	788,157	811,099	407,502	264,797	452,891
School sponsored cocurricular								242,819	311,703	329,795
Support Services:										
Tuition	583,128	387,052	96,729	151,613	61,001	54,144	60,721	202,237	302,243	404,160
Student & instruction related services	1,616,456	1,628,255	1,674,415	1,884,620	1,964,923	1,916,059	2,250,981	2,394,126	2,608,190	2,732,717
School administrative services	677,240	482,134	491,464	628,104	611,783	619,103	707,278	633,721	562,444	552,591
General and business administrative services	740,036	1,009,789	859,670	785,879	780,275	761,789	1,036,806	903,428	810,637	859,070
Plant operations and maintenance	1,291,012	1,134,811	1,060,405	1,064,814	1,061,216	1,059,730	1,003,379	1,503,023	2,521,901	2,403,237
Pupil transportation	939,372	866,871	775,321	781,217	733,875	742,663	717,707	701,490	835,345	787,394
Interest on long-term debt	346,239	337,182						186,820	342,298	173,383
Unallocated depreciation			376,869	348,229	339,247	337,556	319,320	-	-	-
Total governmental activities expenses	<u>13,573,918</u>	<u>13,498,604</u>	<u>12,970,241</u>	<u>13,368,131</u>	<u>13,356,474</u>	<u>13,154,232</u>	<u>15,094,501</u>	<u>15,618,466</u>	<u>18,219,727</u>	<u>18,269,918</u>
Business-type activities:										
Food service	220,422	244,532	237,717	254,170	236,561	239,282	212,725	205,520	195,728	208,713
Preschool Program								-	-	-
Total business-type activities expense	<u>220,422</u>	<u>244,532</u>	<u>237,717</u>	<u>254,170</u>	<u>236,561</u>	<u>239,282</u>	<u>212,725</u>	<u>205,520</u>	<u>195,728</u>	<u>208,713</u>
Total district expenses	<u>\$ 13,794,340</u>	<u>\$ 13,743,136</u>	<u>\$ 13,207,958</u>	<u>\$ 13,622,301</u>	<u>\$ 13,593,035</u>	<u>\$ 13,393,514</u>	<u>\$ 15,307,226</u>	<u>\$ 15,823,986</u>	<u>\$ 18,415,455</u>	<u>\$ 18,478,631</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction-regular	\$ 52,391	\$ 66,500	\$ 76,200	\$ 44,176	\$ 68,987	\$ 58,290	\$ 44,152	\$ 25,791	\$ 34,757	\$ 40,345
Tuition										
Operating grants and contributions	178,395	282,857	167,440	237,034	145,718	142,559	152,629	3,639,864	5,362,868	5,839,163
Capital grants and contributions		29,953	378,205	1,078,382		-	192,789	-	-	-
Total governmental activities program revenues	<u>230,786</u>	<u>379,310</u>	<u>621,845</u>	<u>1,359,592</u>	<u>214,705</u>	<u>200,849</u>	<u>389,570</u>	<u>3,665,655</u>	<u>5,397,625</u>	<u>5,879,508</u>
Business-type activities:										
Charges for services										
Food service	180,433	199,513	204,671	214,442	193,565	200,713	191,805	159,071	163,415	187,883
Preschool Program								-	-	-
Operating grants and contributions	33,892	37,705	38,032	40,122	37,031	38,225	32,245	24,387	2,033	117
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>214,325</u>	<u>237,218</u>	<u>242,703</u>	<u>254,564</u>	<u>230,596</u>	<u>238,938</u>	<u>224,050</u>	<u>183,458</u>	<u>165,448</u>	<u>188,000</u>
Total district program revenues	<u>\$ 445,111</u>	<u>\$ 616,528</u>	<u>\$ 864,548</u>	<u>\$ 1,614,156</u>	<u>\$ 445,301</u>	<u>\$ 439,787</u>	<u>\$ 613,620</u>	<u>\$ 3,849,113</u>	<u>\$ 5,563,073</u>	<u>\$ 6,067,508</u>
Net (Expense)/Revenue										
Governmental activities	\$ (13,343,132)	\$ (13,119,294)	\$ (12,348,396)	\$ (12,008,539)	\$ (13,141,769)	\$ (12,953,383)	\$ (14,704,931)	\$ (11,952,811)	\$ (12,822,102)	\$ (12,390,410)
Business-type activities	(6,097)	(7,314)	4,986	394	(5,965)	(344)	11,325	(22,062)	(30,280)	(20,713)
Total district-wide net expense	<u>\$ (13,349,229)</u>	<u>\$ (13,126,608)</u>	<u>\$ (12,343,410)</u>	<u>\$ (12,008,145)</u>	<u>\$ (13,147,734)</u>	<u>\$ (12,953,727)</u>	<u>\$ (14,693,606)</u>	<u>\$ (11,974,873)</u>	<u>\$ (12,852,382)</u>	<u>\$ (12,411,123)</u>

Continued

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

Exhibit J-2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,926,012	\$ 10,954,973	\$ 10,954,973	\$ 11,074,000	\$ 10,878,900	\$ 10,888,900	\$ 10,973,900	\$ 11,412,856	\$ 11,870,336	\$ 12,336,797
Taxes levied for debt service	725,983	852,148	845,025	733,002	823,319	824,981	763,211	760,709	763,611	770,552
Unrestricted grants and contributions	1,754,008	1,435,223	1,108,992	1,448,388	1,715,945	1,839,473	3,549,515			
Federal and State Capital Grants								(47,280)	(26,525)	-
Investment earnings	30,383	26,769	11,404	5,305	4,516	5,921	6,371	5,539	7,204	14,330
Miscellaneous income	32,692	54,123	59,876	32,139	27,065	65,837	25,503	26,714	29,176	33,006
Transfers	8,200	(8,969)	(79,684)	(62,491)	(11,464)					
Total governmental activities	<u>13,477,278</u>	<u>13,314,267</u>	<u>12,900,586</u>	<u>13,230,343</u>	<u>13,438,281</u>	<u>13,625,112</u>	<u>15,318,500</u>	<u>12,158,538</u>	<u>12,643,802</u>	<u>13,154,685</u>
Business-type activities:										
Miscellaneous Income	426	178	100	84	67	155	114	5,426	3,984	832
Transfers		(462)								
Total business-type activities	<u>426</u>	<u>(284)</u>	<u>100</u>	<u>84</u>	<u>67</u>	<u>155</u>	<u>114</u>	<u>5,426</u>	<u>3,984</u>	<u>832</u>
Total district-wide	<u>\$ 13,477,704</u>	<u>\$ 13,313,983</u>	<u>\$ 12,900,686</u>	<u>\$ 13,230,427</u>	<u>\$ 13,438,348</u>	<u>\$ 13,625,267</u>	<u>\$ 15,318,614</u>	<u>\$ 12,163,964</u>	<u>\$ 12,647,786</u>	<u>\$ 13,155,517</u>
Change in Net Position										
Governmental activities	\$ 134,146	\$ 194,973	\$ 552,190	\$ 1,221,804	\$ 296,512	\$ 671,729	\$ 613,569	\$ 205,727	\$ (178,300)	\$ 764,275
Business-type activities	(5,671)	(7,598)	5,086	478	(5,898)	(189)	11,439	(16,636)	(26,296)	(19,881)
Total district	<u>\$ 128,475</u>	<u>\$ 187,375</u>	<u>\$ 557,276</u>	<u>\$ 1,222,282</u>	<u>\$ 290,614</u>	<u>\$ 671,540</u>	<u>\$ 625,008</u>	<u>\$ 189,091</u>	<u>\$ (204,596)</u>	<u>\$ 744,394</u>

Source: CAFR Schedule A-2

**Tewksbury Township School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	2009	2010	2011	2012	Fiscal Year Ending June 30,		2015	2016	2017	2018
					2013	2014				
General Fund										
Reserved	\$ 2,289,597	\$ 1,654,150	\$ 1,748,965	\$ 2,159,040	\$ 2,679,457	\$ 2,645,208	\$ 3,183,817	\$ 2,941,933	\$ 3,096,627	\$ 4,182,926
Unreserved	373,369	345,265	328,659	319,140	253,341	277,057	238,124	213,571	246,990	260,484
Total general fund	<u>\$ 2,662,966</u>	<u>\$ 1,999,415</u>	<u>\$ 2,077,624</u>	<u>\$ 2,478,180</u>	<u>\$ 2,932,798</u>	<u>\$ 2,922,265</u>	<u>\$ 3,421,941</u>	<u>\$ 3,155,504</u>	<u>\$ 3,343,617</u>	<u>\$ 4,443,410</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	\$ 58,278	\$ 799,343	\$ 2,083,476	\$ 465,903	\$ 465,903	\$ 1,140,903	\$ 872,389	\$ 644,708	\$ 618,193	\$ 646
Debt service fund			1	1		2	2			
Total all other governmental funds	<u>\$ 58,278</u>	<u>\$ 799,343</u>	<u>\$ 2,083,477</u>	<u>\$ 465,904</u>	<u>\$ 465,903</u>	<u>\$ 1,140,905</u>	<u>\$ 872,391</u>	<u>\$ 644,708</u>	<u>\$ 618,193</u>	<u>\$ 646</u>

Source: CAFR Schedule B-1

**Tewksbury Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues										
Tax levy	\$ 11,651,995	\$ 11,807,121	\$ 11,799,998	\$ 11,807,002	\$ 11,702,219	\$ 11,713,881	\$ 11,737,111	\$ 12,173,565	\$ 12,633,947	\$ 13,107,349
Tuition charges		29,387	49,189	24,942	50,500	30,525	17,400	19,095	34,757	40,345
Miscellaneous	156,744	112,466	71,542	35,570	29,675	80,419	38,595	38,949	36,380	47,336
State sources	1,691,508	1,465,176	1,487,197	2,500,060	1,715,945	1,839,473	2,238,842	2,232,688	2,501,235	2,802,831
Federal sources	178,395	282,857	167,440	263,744	145,718	142,559	152,629	153,052	167,735	207,775
Total revenue	<u>13,678,642</u>	<u>13,697,007</u>	<u>13,575,366</u>	<u>14,631,318</u>	<u>13,644,057</u>	<u>13,806,857</u>	<u>14,184,577</u>	<u>14,617,349</u>	<u>15,374,054</u>	<u>16,205,636</u>
Expenditures										
Instruction										
Regular Instruction	3,981,814	4,049,080	3,682,104	3,665,610	3,697,506	3,616,335	3,704,448	4,045,502	4,116,529	4,038,481
Special education instruction	798,511	932,603	935,109	1,064,568	1,135,190	1,149,470	1,125,896	1,408,360	1,631,906	1,647,520
Other special instruction	220,846	208,426	283,093	277,962	254,771	392,909	342,478	260,295	169,878	283,855
Other instruction	147,221	146,455	88,751	150,036	139,192	144,499	142,205	162,127	199,970	206,703
Support Services:										
Tuition	431,419	206,891	96,729	10,718	8,901		703	202,237	302,243	404,160
Student & instruction related services	1,195,561	1,174,200	1,193,289	1,350,626	1,297,328	1,333,152	1,403,097	1,568,086	1,662,865	1,701,383
School administrative services	476,643	338,311	335,232	431,325	420,446	433,289	433,579	412,015	355,651	340,653
Other administrative services	553,508	761,707	621,205	560,855	568,404	560,754	753,672	572,069	514,859	532,761
Plant operations and maintenance	1,076,730	965,667	905,007	909,610	912,680	925,952	866,223	1,042,704	1,358,481	1,220,647
Pupil transportation	735,972	637,215	544,787	569,722	551,238	581,067	563,265	642,418	760,254	736,393
Unallocated employee benefits	2,740,119	2,870,179	3,094,381	3,075,123	3,112,125	2,784,445	3,124,540	3,070,672	3,101,597	3,467,803
Special Revenue	178,395	282,857	167,440	237,034	145,718	142,559	152,629			
Charter Schools		10,361						-	-	-
Capital Outlay	420,726	174,424	957,947	2,726,919	76,885	200,132	524,623	1,221,483	274,612	373,125
Debt service:										
Principal	380,178	516,389	532,693	389,064	510,541	532,090	490,000	505,000	525,000	645,000
Interest and other charges	352,769	335,759	353,487	367,872	347,051	345,735	326,057	255,711	238,611	124,906
Total expenditures	<u>13,690,412</u>	<u>13,610,524</u>	<u>13,791,254</u>	<u>15,787,044</u>	<u>13,177,976</u>	<u>13,142,388</u>	<u>13,953,415</u>	<u>15,368,679</u>	<u>15,212,456</u>	<u>15,723,390</u>
Excess (Deficiency) of revenues over (under) expenditures	(11,770)	86,483	(215,888)	(1,155,726)	466,081	664,469	231,162	(751,330)	161,598	482,246
Other Financing Sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds			1,657,915							
Proceeds of refunding debt										
Payment to refunded debt escrow agent										
Transfers in	8,200	3,100						525,027	-	(618,210)
Transfers out		(12,069)	(79,684)	(61,291)	(11,464)	-	-	(525,027)	-	618,210
Total other financing sources (uses)	<u>8,200</u>	<u>(8,969)</u>	<u>(79,684)</u>	<u>(61,291)</u>	<u>(11,464)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	\$ (3,570)	\$ 77,514	\$ (295,572)	\$ (1,217,017)	\$ 454,617	\$ 664,469	\$ 231,162	\$ (751,330)	\$ 161,598	\$ 482,246
Debt service as a percentage of noncapital expenditures	5.5%	6.3%	6.9%	5.8%	6.5%	6.8%	6.1%	5.4%	5.1%	5.0%

Source: CAFR Schedule B-2

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

Exhibit J-5

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Prior Year</u> <u>A/P cancelled</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 30,289	\$ 1,415	\$ 3,330			\$ 121,616	\$ 156,650
2010	26,754	3,957	2,000	\$ 29,387	\$ 7,382	72,358	141,838
2011	8,796	744	2,000	49,189	21,541	35,853	118,123
2012	4,983		230	24,942		30,035	60,190
2013	4,514	6,361		50,500	1,604	17,194	80,173
2014	5,921	164	300	30,525	23,530	50,504	110,944
2015	5,921	59		17,400		32,165	55,545
2016	5,539	2,749		19,095		30,588	57,971
2017	7,204			34,757		29,166	71,127
2018	14,330			40,345		32,989	87,664

SOURCE: District Records

**Tewksbury Township School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2009	\$14,950,500	\$1,052,627,411	\$222,849,200	\$3,621,236	\$58,503,500	\$5,304,000		\$1,359,471,715		\$1,615,868	\$1,357,855,847	\$0.870	\$1,870,561,756
2010	14,589,200	1,050,951,800	229,161,300	3,590,586	59,231,800	5,304,000		1,364,689,619		1,860,933	1,362,828,686	0.860	1,826,649,202
2011	12,889,800	1,051,075,700	231,348,010	3,532,300	59,427,400	5,304,000		1,365,531,185		1,953,975	1,363,577,210	0.860	1,775,723,258
2012	12,444,900	1,048,835,800	233,715,310	3,479,255	47,453,900	5,304,000		1,353,300,353		2,067,188	1,351,233,165	0.860	1,720,224,168
2013	12,193,100	1,052,559,900	231,808,510	3,437,255	47,503,200	5,304,000		1,354,807,408		2,001,443	1,352,805,965	0.860	1,662,952,508
2014	11,791,300	1,052,605,900	234,439,410	3,717,155	47,503,200	5,304,000		1,357,409,229		2,048,264	1,355,360,965	0.870	1,630,325,762
2015	11,241,600	1,055,088,200	232,942,910	3,491,755	47,362,900	2,804,000		1,355,297,838		2,366,473	1,352,931,365	0.900	1,611,914,650
2016	11,241,600	1,055,088,200	232,942,910	3,491,755	47,362,900	2,804,000		1,423,716,232	\$68,418,394	2,366,473	1,352,931,365	0.898	1,615,855,999
2017	9,945,200	1,060,442,600	232,720,110	3,418,255	48,031,500	2,804,000		1,426,111,845	68,750,180	-	1,357,361,665	0.931	1,615,855,999
2018	8,995,200	1,064,521,600	230,415,610	3,473,255	47,719,400	2,804,000		1,426,679,245	68,750,180	-	1,357,929,065	0.965	1,650,741,983

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**Tewksbury Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Tewksbury Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional School District	Tewksbury Township	Hunterdon County	
2009	\$0.820	\$0.050	\$0.870	\$0.520	\$0.360	\$0.470	\$2.220
2010	\$0.800	\$0.060	\$0.860	\$0.470	\$0.380	\$0.460	\$2.170
2011	\$0.800	\$0.060	\$0.860	\$0.510	\$0.380	\$0.450	\$2.200
2012	\$0.810	\$0.050	\$0.860	\$0.550	\$0.390	\$0.450	\$2.250
2013	\$0.800	\$0.060	\$0.860	\$0.570	\$0.390	\$0.450	\$2.270
2014	\$0.810	\$0.060	\$0.870	\$0.620	\$0.390	\$0.450	\$2.330
2015	\$0.840	\$0.060	\$0.900	\$0.610	\$0.410	\$0.440	\$2.360
2016	\$0.842	\$0.056	\$0.898	\$0.609	\$0.410	\$0.440	\$2.357
2017	\$0.875	\$0.056	\$0.931	\$0.636	\$0.425	\$0.443	\$2.435
2018	\$0.908	\$0.057	\$0.965	\$0.662	\$0.441	\$0.449	\$2.517

Source: District Records and Municipal Tax Collector

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

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

b Rates for debt service are based on each year's requirements.

**Tewksbury Township School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2017			2006		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
AM Best Co	\$ 25,000,000	1	1.84%	\$ 37,058,000	1	2.80%
JLJ/GWL LLC	6,612,055	2	0.49%	5,605,300	2	0.42%
Individual Taxpayer #1	4,164,500	3	0.31%	4,119,800	3	0.31%
Stavola Quarries LLC	3,275,100	4	0.24%	2,888,400	4	0.22%
Individual Taxpayer #2	2,984,300	5	0.22%			
United Telephone Co of NJ	2,580,473	6	0.19%	2,359,100	7	0.18%
Individual Taxpayer #3	2,361,600	7	0.17%			
Individual Taxpayer #4	2,302,410	8	0.17%			
Individual Taxpayer #5	2,229,800	9	0.16%	2,237,300	8	0.17%
Individual Taxpayer #6	2,057,000	10	0.15%			
Hill & Dale Farms Inc				2,597,300	5	0.20%
Individual Taxpayer #7				2,456,800	6	0.19%
Individual Taxpayer #8				2,159,700	9	0.16%
Individual Taxpayer #9				2,115,400	10	0.16%
Total	\$ 53,567,238		3.94%	\$ 63,597,100		4.81%

Source: District CAFR & Municipal Tax Assessor

**Tewksbury Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$11,651,995	\$11,651,995	100.00%	-
2010	\$11,807,121	\$11,807,121	100.00%	-
2011	\$11,799,998	\$11,799,998	100.00%	-
2012	\$11,807,002	\$11,807,002	100.00%	-
2013	\$11,702,219	\$11,702,219	100.00%	-
2014	\$11,713,881	\$11,713,881	100.00%	-
2015	\$11,737,111	\$11,737,111	100.00%	-
2016	\$12,173,565	\$12,173,565	100.00%	-
2017	\$12,633,947	\$12,633,947	100.00%	-
2018	\$13,107,349	\$13,107,349	100.00%	-

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

Note:

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 is the amount voted upon or certified prior to the end of the school year.

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2009	\$ 8,280,777	-0-	-0-	-0-	-0-	\$ 8,280,777	1.91%	\$1,362.87	
2010	\$ 7,764,388	-0-	-0-	-0-	-0-	\$ 7,764,388	1.78%	\$1,299.26	
2011	\$ 8,864,695	-0-	-0-	-0-	-0-	\$ 8,864,695	1.97%	\$1,489.61	
2012	\$ 8,475,631	-0-	-0-	-0-	-0-	\$ 8,475,631	1.90%	\$1,433.15	
2013	\$ 7,965,090	-0-	-0-	-0-	-0-	\$ 7,965,090	1.72%	\$1,348.19	
2014	\$ 7,433,000	-0-	-0-	-0-	-0-	\$ 7,433,000	1.56%	\$1,259.19	
2015	\$ 6,943,000	-0-	-0-	-0-	-0-	\$ 6,943,000	1.44%	\$1,181.39	
2016	\$ 6,438,000	-0-	-0-	-0-	-0-	\$ 6,438,000	1.34%	\$1,100.14	
2017	\$ 5,998,000	-0-	-0-	-0-	-0-	\$ 5,998,000	1.25%	\$1,026.35	
2018	\$ 5,353,000	-0-	-0-	-0-	-0-	\$ 5,353,000	1.12%	\$915.98	

Source: District CAFR Schedules I-1, I-2

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

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

Exhibit J-11

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2009	\$ 8,280,777	-0-	\$ 8,280,777	0.61%	\$ 1,363
2010	\$ 7,764,388	-0-	\$ 7,764,388	0.57%	\$ 1,299
2011	\$ 8,864,695	-0-	\$ 8,864,695	0.65%	\$ 1,490
2012	\$ 8,475,631	-0-	\$ 8,475,631	0.63%	\$ 1,433
2013	\$ 7,965,090	-0-	\$ 7,965,090	0.59%	\$ 1,348
2014	\$ 7,433,000	-0-	\$ 7,433,000	0.55%	\$ 1,259
2015	\$ 6,943,000	-0-	\$ 6,943,000	0.51%	\$ 1,181
2016	\$ 6,438,000	-0-	\$ 6,438,000	0.48%	\$ 1,100
2017	\$ 5,998,000	-0-	\$ 5,998,000	0.44%	\$ 1,026
2018	\$ 5,353,000	-0-	\$ 5,353,000	0.39%	\$ 916

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

R Revised

* Current data unavailable

**Tewksbury Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2018**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Tewksbury Township	\$ 17,878,831	100.00%	\$ 17,878,831
Other debt			
North Hunterdon Regional School District	9,205,000	19.987%	1,839,795
Hunterdon County	85,249,037	7.680%	<u>6,546,985</u>
Subtotal, overlapping debt			26,265,612
Tewksbury Township School District Direct Debt			<u>5,353,000</u>
Total direct and overlapping debt			<u><u>\$ 31,618,612</u></u>

Sources: Finance Officer, Hunterdon County Finance Office
and Utility Authorities

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

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

**Tewksbury Township School District
Legal Debt Margin Information,
Last Ten Fiscal Years**

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis
	2015 \$ 1,616,212,358
	2016 1,645,885,370
	2017 1,639,021,201
	[A] <u>\$ 4,901,118,929</u>
Average equalized valuation of taxable property	[A/3] \$ 1,633,706,310
Debt limit (3 % of average equalization value)	[B] 49,011,189
Net bonded school debt	[C] 5,353,000
Legal debt margin	[B-C] <u>\$ 43,658,189</u>

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 55,497,523	\$ 56,115,125	\$ 55,133,816	\$ 53,229,985	\$ 51,640,617	\$ 50,166,497	\$ 48,953,520	\$ 48,529,991	\$ 48,740,875	\$ 49,011,189
Total net debt applicable to limit	8,459,225	7,942,836	9,043,858	8,654,794	8,144,253	7,612,163	7,122,163	6,438,000	5,998,000	5,353,000
Legal debt margin	<u>\$ 47,038,298</u>	<u>\$ 48,172,289</u>	<u>\$ 46,089,958</u>	<u>\$ 44,575,191</u>	<u>\$ 43,496,364</u>	<u>\$ 42,554,334</u>	<u>\$ 41,831,357</u>	<u>\$ 42,091,991</u>	<u>\$ 42,742,875</u>	<u>\$ 43,658,189</u>
Total net debt applicable to the limit as a percentage of debt limit	15.24%	14.15%	16.40%	16.26%	15.77%	15.17%	14.55%	13.27%	12.31%	10.92%

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

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

**Tewksbury Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2009	6,071	\$ 434,246,488	\$71,528 R	5.0%
2010	6,076	\$ 432,921,076	\$71,251 R	5.1%
2011	5,976	\$ 435,130,488	\$72,813 R	5.0%
2012	5,951	\$ 450,193,150	\$75,650 R	5.2%
2013	5,914	\$ 445,820,976	\$75,384 R	5.1%
2014	5,908	\$ 462,602,308	\$78,301 R	4.5%
2015	5,903	\$ 475,929,375	\$80,625 R	4.1%
2016	5,877	\$ 482,554,593	\$82,109 R	3.6%
2017	5,852	\$ 480,501,868	\$82,109 *	3.4%
2018	5,844	\$ 479,844,996	\$82,109 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

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

P =Projected

R =Revised

* Current data unavailable

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

Exhibit J-16

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2017</u>	<u>2018</u>	<u>2018</u>
Instruction										
Regular	61.2	61.9	57.2	56.2	54.4	56.0	56.0	56.0	56.0	50.0
Special Education	10.0	12.0	14.0	13.0	13.0	12.2	12.2	12.2	11.2	6.0
Other Special Education	8.0	10.8	10.2	10.2	11.6	11.0	11.0	11.0	9.7	6.2
Other Instruction	5.2	4.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0	1.0
Support Services:										
Student & Other Related Services	8.4	8.4	12.8	13.5	14.9	15.9	16.0	15.8	15.8	16.0
General administrative services	3.0	3.0	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
School administrative services	1.0	1.0	1.5	2.1	2.0	2.0	2.0	2.0	2.0	2.0
Business administrative services	9.0	9.0	7.1	7.1	7.1	7.0	7.0	7.0	6.0	6.0
Plant operations and maintenance	8.5	9.0	10.0	9.0	8.0	8.0	8.0	7.0	7.0	8.0
Pupil transportation	9.6	9.5	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Total	123.9	129.5	127.2	126.5	126.4	127.5	127.6	126.4	123.1	107.6

Source: District Personnel Records

**Tewksbury Township School District
Operating Statistics
Last Ten Fiscal Years**

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio 1:		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2009	781	\$12,536,739	16,052	4.09%	85	9.19		772.1	742.3	-0.82%	96.14%
2010	782	\$12,583,952	16,092	0.25%	84	9.31		776.9	748.4	0.62%	96.33%
2011	751	\$11,947,127	15,908	-1.14%	84	8.91		748.6	716.8	-3.64%	95.75%
2012	715	\$12,299,689	17,202	8.13%	80	8.93		709.8	683.6	-5.18%	96.31%
2013	707	\$12,243,499	17,318	0.67%	84	8.44		694.5	673.3	-2.16%	96.95%
2014	689	\$12,064,431	17,510	1.11%	85	8.15		685.2	668.3	-1.34%	97.53%
2015	660	\$12,612,735	19,110	9.14%	85	7.81		654.6	632.3	-4.47%	96.59%
2016	605	\$13,386,485	22,126	15.78%	85	7.12		598.4	575.4	-8.59%	96.15%
2017	580	\$14,174,233	24,438	10.45%	84	6.94		567.2	545.8	-5.21%	96.23%
2018	568	\$14,580,359	25,670	5.04%	79	7.19		557.1	533.7	-1.78%	95.80%

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

Note: Enrollment based on annual October district count.

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

**Tewksbury Township School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building</u>										
<u>Old Turnpike School (1968)</u>										
Square Feet	67,384	67,384	67,384	67,384	67,384	67,384	67,384	67,384	67,384	67,384
Capacity (students)										
Enrollment	339	370	374	352	366	367	347	291	282	278
<u>Tewksbury Elementary School (2006)</u>										
Square Feet	73,289	73,289	73,289	73,289	73,289	73,289	73,289	73,289	73,289	73,289
Capacity (students)										
Enrollment	440	416	377	356	341	322	310	307	275	276

Number of Schools at June 30, 2018

Source: District records, ASSA

Elementary = 1
Middle School = 1

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

TEWKSBURY TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 Last Ten Fiscal Years Ending June 30, 2018

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
Old Turnpike School	N/A	96,412	\$36,299	\$24,605	\$49,262	\$56,271	\$73,520	\$31,865	\$54,848	\$176,897	\$96,569	\$696,547
Tewksbury Township Elementary School	N/A	49,894	29,129	40,014	37,349	47,029	49,818	41,306	48,638	156,870	85,636	585,684
Total School Facilities		146,306	65,428	64,619	86,611	103,300	123,338	73,171	103,486	333,767	182,205	1,282,231
Other Facilities		NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE
Grand Total		\$146,306	\$65,428	\$64,619	\$86,611	\$103,300	\$123,338	\$73,171	\$103,486	\$333,767	\$182,205	\$1,282,231

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2018

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY - School Alliance Insurance Fund:		
Property-Blanket Building and Contents	\$ 14,632,000	
Comprehensive General Liability	5,000,000	
Comprehensive Automotive Liability	5,000,000	\$ 1,000
Blanket Employee Dishonesty (per loss)	500,000	1,000
Extra Expense	50,000,000	1,000
Equipment Breakdown	100,000,000	1,000
School Leaders Errors and Omissions Liability	5,000,000	5,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance Company		
Board Secretary/School Business Administrator Position	195,000	
Environmental Impairment Liability	1,000,000	25,000
WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY -	Statutory	

SOURCE: District Records

Single Audit Section



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 Douglas R. Williams, CPA, RMA, PSA

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
 Tewksbury Township School District
 County of Hunterdon
 Califon, New Jersey 07830

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tewksbury Township School District Board of Education in the County of Warren, 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 Tewksbury Township School District Board of Education's basic financial statements, and have issued our report thereon dated January 16, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

-Continued-

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and for New Jersey Department of Education use, 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** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arditto & Co., LLP

ARDITO & CO., LLP
January 16, 2019

Cunning Cooper

Licensed Public School Accountant No.2369



ARDITO & Co., LLP

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 Douglas R. Williams, CPA, RMA, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circular 15-08

Independent Auditor's Report

The Honorable President and
 Members of the Board of Education
 Tewksbury Township School District
 County of Hunterdon
 Califon, New Jersey 07830

Report on Compliance for Each Major State Program

We have audited the Tewksbury Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2018. The Tewksbury Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Ardito & Co., LLP

ARDITO & CO., LLP

January 16, 2019

Anthony Ardit

Licensed Public School Accountant No.2369

TEWKSBURY TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2018

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2017	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2018			MEMO			
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.		
State Department of Education																
General Fund:																
School Choice Aid	18-495-034-5120-068	7/1/17-6/30/18	\$ 335,270			\$ 335,270	\$ (335,270)							*	\$ 31,508	\$ 335,270
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	101,537			101,537	(101,537)							*	9,542	101,537
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	356,903			356,903	(356,903)							*	33,541	356,903
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	56,555			56,555	(56,555)							*	5,315	56,555
Additional Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	38,685			38,685	(38,685)							*	3,636	38,685
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	6,530			6,530	(6,530)							*	541	6,530
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	6,530			6,530	(6,530)							*	614	6,530
Prof. Learning Comm Aid	18-495-034-5120-101	7/1/17-6/30/18	5,760			5,760	(5,760)							*	614	5,760
Non-Public Transportation Aid	18-100-034-5120-068	7/1/17-6/30/18	25,520				(25,520)			\$ (25,520)				*		25,520
Non-Public Transportation Aid	17-100-034-5120-068	7/1/16-6/30/17	19,461	\$ (19,461)		19,461								*		19,461
Extraordinary Aid	17-495-034-5120-057	7/1/16-6/30/17	50,330	(50,330)		50,330								*		50,330
Extraordinary Aid	18-495-034-5120-057	7/1/17-6/30/18	61,696				(61,696)			(61,696)				*		61,696
On-Behalf TPAF Pension	18-495-034-5094-002	7/1/17-6/30/18	857,703			857,703	(857,703)							*		857,703
On-Behalf TPAF Pension PMR	18-495-034-5094-001	7/1/17-6/30/18	553,972			553,972	(553,972)							*		553,972
On-Behalf TPAF Pension LTD Ins	18-495-034-5094-004	7/1/17-6/30/18	1,167			1,167	(1,167)							*		1,167
Reimbursed TPAF Soc.Secur.Contrib.	18-495-034-5094-003	7/1/17-6/30/18	403,905			403,905	(403,905)							*		403,905
Total General Fund				(69,791)		2,794,308	(2,811,733)	-		(87,216)				*	85,311	2,881,524
Total State Financial Assistance				\$ (69,791)		\$ 2,794,308	\$ (2,811,733)	-		\$ (87,216)				*	\$ 85,311	\$ 2,881,524

Less: On-behalf TPAF Pension Amounts 1,412,842

Total State Expenditures Subject to Major Program Determination \$ (1,398,891)

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Tewksbury Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,902) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

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NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,802,831	\$ 2,802,831
Special Revenue Fund	\$ 207,775	-	207,775
Capital Projects Fund	-	-	-
Total Financial Assistance	<u>\$ 207,775</u>	<u>\$ 2,802,831</u>	<u>\$ 3,010,606</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___ Yes No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes None Reported

Noncompliance material to financial statements noted? ___ Yes No

Federal Awards

N/A

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of? ___ Yes ___ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

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

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

TEWKSBURY TOWNSHIP
SCHOOL DISTRICT

K-7

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

STATUS OF PRIOR YEAR FINDINGS

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. All prior year state financial assistance findings were corrected in the current year.