

**SCHOOL DISTRICT**

**OF**

**TUCKERTON**



**TUCKERTON BOARD OF EDUCATION  
TUCKERTON, NEW JERSEY**

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

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**TUCKERTON BOARD OF EDUCATION**

**TUCKERTON, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**PREPARED BY**

**TUCKERTON BOARD OF EDUCATION  
FINANCE DEPARTMENT**

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## **INTRODUCTORY SECTION**



**BOARD OF EDUCATION  
TUCKERTON BOROUGH SCHOOL DISTRICT  
MARINE STREET  
TUCKERTON, NEW JERSEY**

November 16, 2018

Honorable President and  
Members of the Board of Education  
Tuckerton Borough School District  
Ocean County, New Jersey

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. "C.F.R., Part 200", "Audits of State and Local Governments", 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:** Tuckerton School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Tuckerton Borough Board of Education constitutes the District's report entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, as well as special education for special needs children. The District completed the 2017-2018 fiscal year with an enrollment of 282

students. The following details the changes in the student enrollment over the past ten years.

<u>AVERAGE DAILY ENROLLMENT</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-2018	282	( 2.19%)
2016-2017	288	(12.59%)
2015-2016	329	(1.5%)
2014-2015	334	2.09%
2013-2014	327	(1.2%)
2012-2013	331	(1.78%)
2011-2012	337	4.3%
2010-2011	323	5.5%
2009-2010	306	19.5%
2008-2009	256	(10.48%)

2. **Economic Condition and Outlook:** Based upon the school district's Master Plan which was completed by University Associates in May of 1995, and the Long-Range Facilities Plan which was completed during the 2005-2006 school year, Tuckerton Borough is looked upon as one of the more desirable places to live in New Jersey. As a result, the Borough will continue to show some growth potential as a residential area. Local businesses may also prosper with the continued development of the Tuckerton Seaport. This project continues to evolve and should brighten the overall economic outlook of this area.
  
3. **Major Initiatives:** The Tuckerton Elementary School District continues to develop a comprehensive technology program that has been integrated into the instructional process. The district continues to expand and improve their wired and wireless computer capabilities throughout the building. During the summer of 2006 the computer lab was replaced with new 2.16GHz Intel Core 2 Duo Macintosh iMac computers. All classrooms continue to house at least 3-4 desktop computers and/or a bank of laptop computers for enhanced instruction. Infrastructure upgrades of additional Category 5 runs and improved Cisco switches were installed for the 2007-2008 school year. In addition, a Student Information System with grade book, report card, health, special education, and cafeteria modules and a spam tracker were installed while our content filtering appliance was replaced with a more robust unit. Also, during the summer of 2008 a portion of our access points were upgraded with Cisco 1252G units to enhance network connectivity.

During the 2008-2009 school year, office window computers were upgraded and additional 30 Macintosh Laptop computers were purchased. Two interactive whiteboards with enhanced sound systems were piloted successfully leading to the purchase of 11 more systems. All classrooms 1<sup>st</sup> through 6<sup>th</sup> grades house both whiteboards and sound systems. Interactive whiteboards offer teachers additional motivational technology tools

including a wireless component that provides instant student feedback. For security purposes, an internal system of cameras was installed during the 2009-2010 school year. . A climate control system was installed over the summer of 2010 which will improve the efficiency of the heating and cooling system of the school. 4 additional white boards and 60 iPads were put into operation during the 2012-2013 school year. Also, the school's communication system was replaced as were all telephones in the building. Additionally, a 16' movie screen and digital projector were installed in the gym/auditorium for use by teachers and administrators. All students in grades 3-6 have 1:1 Chromebooks for use in school. Additionally, there are 120+ iPads for student use in Preschool – 2<sup>nd</sup> grade.

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 judgements by management.

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

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

5. **Budgetary Controls:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. 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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated 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 Boards (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.


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

8. **Risk Management:** The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

9. **Other Information: Independent Audit -** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company, CPA, was selected by the Board. In addition to meeting the requirements of Title 2 U.S. "C.F.R., Part 200" and State Treasury circular letter 15-08 OMB, the auditor's report on the general purpose financial statements and the combined 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:** We would like to express our appreciation to the members of the Tuckerton Borough School Board 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 submitted,



Janet Gangemi  
Superintendent/Business Administrator

JG/ms

TUCKERTON BOROUGH BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Trisha Horner, President	2019
Jennifer Quintenz, Vice President	2021
Anna Morey	2020
Deborah McMunn	2019
Ryan Short	2019
Alison Sanford	2019
Renee Gioiello	2021

Other Officials:

Janet Gangemi, Superintendent/SBA

Louis J. Greco, Solicitor

TUCKERTON BOROUGH  
SCHOOL DISTRICT  
TUCKERTON, NEW JERSEY

CONSULTANTS

2017-2018 School Year

Louis J. Greco, Esq.  
800 Route 50, Suite 2B  
Mays Landing, NJ 08330

Fraytak Veisz Hopkins Duthie, PC  
1515 Lower Ferry Road  
Trenton, NJ 08618

Robert A. Hulsart, Auditor  
PO Box 1409  
Wall, NJ 07719

Mrs. Heather Tacovsky  
17 Pine Street  
Barnegat, NJ 08005

Mrs. Evdoxia Szczotka  
145 Kensington Drive  
Galloway, NJ 08205

Carole Comfort, LDTC  
Creative Teaching Consultants  
985 Buccaneer Lane  
Manahawkin, NJ 08050

**TUCKERTON BOROUGH BOARD OF EDUCATION**

**ORGANIZATIONAL CHART**  
**(UNIT CONTROL)**

**BOARD OF EDUCATION**

**SUPERINTENDENT/BUSINESS ADMINISTRATOR**

**PRINCIPAL**

**INSTRUCTIONAL STAFF**

**SUPPORT STAFF**

**FINANCIAL SECTION**



# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
 ROBERT A. HULSART, JR., C.P.A., P.S.A.  
 RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
 of the Board of Education  
 Tuckerton School District  
 County of Ocean  
 Tuckerton, New Jersey

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditors Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

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

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates 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 standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has 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 it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 160, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018 on our consideration of the Tuckerton's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tuckerton Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

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**Robert A. Hulsart**  
**Licensed Public School Accountant**  
**No. 322**  
**Robert A. Hulsart and Company**  
**Wall Township, New Jersey**

November 16, 2018

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**TUCKERTON SCHOOL DISTRICT**

**BOROUGH OF TUCKERTON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**UNAUDITED**

The discussion and analysis of Tuckerton 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; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

**Financial Highlights**

Key Financial highlights for the 2017-2018 fiscal year are as follows:

- General revenues accounted for \$6,000,603 in revenue. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$199,595.
- Total net position decreased by \$2,364,932.
- The School District had \$8,565,130 in expenses; only \$199,595 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$6,000,603 were adequate to provide for these programs.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Tuckerton 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. In the case of Tuckerton School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

## **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 the 2017-2018 fiscal year?" The Statement of Net Position and the Statement of Activities helps 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 the activities. 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. Non-financial 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, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense 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 (all) funds begins on exhibit A-1. 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, Capital Projects Fund and Debt Service Fund.

### **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. 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.

## Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

## The School District as a Whole

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

**Table 1**  
**Net Position**

	<u>2018</u>	<u>2017</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 1,842,600	4,674,266
Capital Assets, Net	<u>1,939,598</u>	<u>1,384,395</u>
Total Assets	<u>\$ 3,782,198</u>	<u>6,058,661</u>
<b><u>Deferred Outflow of Resources</u></b>		
Contribution to Pension Plan	<u>\$ 815,758</u>	<u>753,987</u>
<b><u>Deferred Inflow of Resources</u></b>		
Pension Deferrals	<u>\$ 391,596</u>	<u>77,639</u>
<b><u>Liabilities</u></b>		
Other Liabilities	\$ 520,898	253,497
Long-Term Liabilities	<u>5,861,076</u>	<u>6,295,715</u>
Total Liabilities	<u>\$ 6,381,974</u>	<u>6,549,212</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Debt	\$ 49,281	264,395
Restricted	1,630,195	4,560,060
Unrestricted	<u>(3,855,090)</u>	<u>(4,638,658)</u>
Total Net Position	<u>\$ (2,175,614)</u>	<u>185,797</u>

Table 2 shows the changes in net position for fiscal years ended 2018 and 2017.

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

	<u>2018</u>	<u>2017</u>
<b><u>Revenues</u></b>		
Program Revenues		
Charges for Services	\$ 33,223	27,857
Operating Grants and Contributions	192,950	194,698
General Revenues		
Property Taxes	2,973,743	2,834,436
Grants and Entitlements	2,868,410	2,791,812
Other	<u>158,570</u>	<u>79,560</u>
Total Revenues	<u>6,226,896</u>	<u>5,928,363</u>
<b><u>Program Expenses</u></b>		
Instruction	2,073,646	2,243,729
Support Services		
Pupils and Instructional Staff	802,103	626,333
General Administration, School Administration, Business	4,808,968	3,006,290
Operations and Maintenance of Facilities	495,899	561,327
Pupil Transportation	236,698	150,899
Interest on Debt	147,816	87,309
Proprietary Funds	<u>25,100</u>	<u>20,097</u>
Total Expenses	<u>8,590,230</u>	<u>6,695,984</u>
Change in Net Position	<u>\$ (2,363,334)</u>	<u>(767,621)</u>

### **Business-Type Activities**

Revenues for the District's business-type activities (food service program and aftercare program) were comprised of charges for services and federal and state reimbursements.

- Aftercare expenses exceeded revenues by \$1,598.



## **Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

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

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.

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

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

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

Other includes unallocated depreciation and amortization.

## **School Board Funds**

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Tuckerton's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2018, it reported a combined net position balance of \$(2,175,614). The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board'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.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

**Capital Assets**

At June 30, 2018, the School Board had approximately \$4,886,487 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2018 fiscal year.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Table II		
Capital Assets at June 30, 2018		
Land	\$ 43,440	
Buildings	1,578,140	
Machinery and Equipment	<u>312,177</u>	<u>5,841</u>
Total	<u>\$ 1,933,757</u>	<u>5,841</u>

**Debt Administration**

At June 30, 2018, the School District had \$6,162,047 as outstanding debt. Of this amount \$78,120 is for compensated absences, and the balance \$4,366,000 for bonds for school construction, \$49,855 for a community disaster loan and \$1,668,072 for pension liability.

**Economic Factors and Next Year’s Budget**

The Borough of Tuckerton is primarily a residential community, with few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections.

In conclusion, the Tuckerton 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 Janet Gangemi, School Business Administrator/Board Secretary at Tuckerton Board of Education, Marine Street, Tuckerton, NJ 08087.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

TUCKERTON SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ -	34,858	34,858
Receivables, Net	35,555	-	35,555
Restricted Assets:			
Cash and Cash Equivalents	1,772,187		1,772,187
Capital Assets-Non Depreciable	43,440		43,440
Capital Assets, Net	1,890,317	5,841	1,896,158
Total Assets	<u>3,741,499</u>	<u>40,699</u>	<u>3,782,198</u>
<b><u>Deferred Outflow of Resources</u></b>			
Contribution to Pension Plan	<u>815,758</u>		<u>815,758</u>
<b><u>Deferred Inflow of Resources</u></b>			
Pension Deferrals	<u>391,596</u>		<u>391,596</u>
<b><u>Liabilities</u></b>			
Accounts Payable/Accrued Interest	219,927		219,927
Noncurrent Liabilities:			
Due Within One Year	300,971		300,971
Due Beyond One Year	5,861,076		5,861,076
Total Liabilities	<u>6,381,974</u>	<u>-</u>	<u>6,381,974</u>
<b><u>Net Position</u></b>			
Invested in Capital Assets, Net of Related Debt	43,440	5,841	49,281
Restricted For:			
Debt Service	2,713		2,713
Capital Projects	235,151		235,151
Special Revenue	(2,725)		(2,725)
General Fund	1,395,056		1,395,056
Unrestricted	<u>(3,889,948)</u>	<u>34,858</u>	<u>(3,855,090)</u>
Total Net Position	<u>\$ (2,216,313)</u>	<u>40,699</u>	<u>(2,175,614)</u>

The accompanying notes to financial statements are an integral part of this statement.

**TUCKERTON SCHOOL DISTRICT**

Exhibit A-2

Sheet 1 of 2

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$ 1,199,535			(1,199,535)		(1,199,535)
Special Education	702,703		115,064	(587,639)		(587,639)
Other Special Instruction	171,408			(171,408)		(171,408)
Support Services:						
Tuition	64,708	6,645		(58,063)		(58,063)
Student & Instruction Related Services	737,395		77,886	(659,509)		(659,509)
School Administrative Services	193,265			(193,265)		(193,265)
Other Support Services	86,632			(86,632)		(86,632)
Plant Operations and Maintenance	495,899			(495,899)		(495,899)
Pupil Transportation	236,698			(236,698)		(236,698)
Unallocated Benefits	1,826,280			(1,826,280)		(1,826,280)
Interest on Long-Term Debt	147,816			(147,816)		(147,816)
Capital Outlay	2,524,786			(2,524,786)		(2,524,786)
Unallocated Depreciation	178,005			(178,005)		(178,005)
Total Government Activities	<u>8,565,130</u>	<u>6,645</u>	<u>192,950</u>	<u>(8,365,535)</u>	<u>-</u>	<u>(8,365,535)</u>
Business-Type Activities:						
Food Service & Aftercare Program	<u>25,100</u>	<u>26,578</u>			<u>1,478</u>	<u>1,478</u>
Total Business-Type Activities	<u>25,100</u>	<u>26,578</u>	<u>-</u>	<u>-</u>	<u>1,478</u>	<u>1,478</u>
Total Primary Government	<u>8,590,230</u>	<u>33,223</u>	<u>192,950</u>	<u>(8,365,535)</u>	<u>1,478</u>	<u>(8,364,057)</u>

**TUCKERTON SCHOOL DISTRICT**

Exhibit A-2

Sheet 2 of 2

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	2,698,233		2,698,233
Property Taxes for Debt Service	275,510		275,510
Federal and State Aid Not Restricted	2,868,410		2,868,410
Miscellaneous Income	158,450	120	158,570
Total General Revenues, Special Items, Extraordinary Items and Transfers	<u>6,000,603</u>	<u>120</u>	<u>6,000,723</u>
Change in Net Position	(2,364,932)	1,598	(2,363,334)
Adjustment for Fixed Assets		1,923	1,923
Net Position - Beginning	<u>148,619</u>	<u>37,178</u>	<u>185,797</u>
Net Position - Ending	<u>\$ (2,216,313)</u>	<u>40,699</u>	<u>(2,175,614)</u>

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

**FUND FINANCIAL STATEMENTS – B**



BALANCE SHEETGOVERNMENTAL FUNDSJUNE 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>
<b><u>Assets</u></b>					
Cash and Cash Equivalents-Restricted	\$ 1,534,323		237,864		1,772,187
Interfund Receivable	28,729			2,713	31,442
Receivable - Net	8,749	26,806			35,555
Total Assets	<u>\$ 1,571,801</u>	<u>26,806</u>	<u>237,864</u>	<u>2,713</u>	<u>1,839,184</u>
<b><u>Liabilities and Fund Balance</u></b>					
<b>Liabilities:</b>					
Interfund Payable	\$ -	28,729	2,713		31,442
Accounts Payable	151,064	802	-		151,866
Total Liabilities	<u>151,064</u>	<u>29,531</u>	<u>2,713</u>	<u>-</u>	<u>183,308</u>
<b>Fund Balance:</b>					
<b>Restricted To:</b>					
Designated for Subsequent Years Expenditures	174				174
Designated for Subsequent Years Expenditures - Excess Surplus	28,937				28,937
Excess Surplus	8,632				8,632
<b>Committed To:</b>					
Capital Reserve	729,660				729,660
Maintenance Reserve	560,550				560,550
Other Purposes	67,103				67,103
<b>Assigned To:</b>					
Debt Service				2,713	2,713
Capital Projects			235,151		235,151
Unassigned	25,681	(2,725)			22,956
Total Fund Balances	<u>1,420,737</u>	<u>(2,725)</u>	<u>235,151</u>	<u>2,713</u>	<u>1,655,876</u>
Total Liabilities and Fund Balance	<u>\$ 1,571,801</u>	<u>26,806</u>	<u>237,864</u>	<u>2,713</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,886,487 and the accumulated depreciation is \$2,952,730.

1,933,757

Accrued Interest

(68,061)

Deferred outflow of resources - contributions to pension plan

815,758

Deferred inflow of resources - acquisition of assets applicable to future reporting periods

(391,596)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(6,162,047)

Net position of governmental activities

\$ (2,216,313)

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

**TUCKERTON SCHOOL DISTRICT**

Exhibit B-2  
Sheet 1 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2018**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Capital Projects Fund</u></b>	<b><u>Debt Service Fund</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>Revenues</u></b>					
Local Sources:					
Local Tax Levy	\$ 2,698,233			275,510	2,973,743
Tuition	6,645				6,645
Miscellaneous	157,259	-	1,191		158,450
Total Local Sources	2,862,137	-	1,191	275,510	3,138,838
State Sources	2,868,410	28,239			2,896,649
Federal Sources		164,711			164,711
Total Revenues	<u>5,730,547</u>	<u>192,950</u>	<u>1,191</u>	<u>275,510</u>	<u>6,200,198</u>
<b><u>Expenditures</u></b>					
Current:					
Regular Instruction	1,196,915				1,196,915
Special Education Instruction	588,044	114,659			702,703
Other Special Instruction	171,408				171,408
Support Services and Undistributed Costs:					
Tuition	64,708				64,708
Students and Instruction Related Services	659,509	77,886			737,395
School Administrative Services	193,265				193,265
Other Support Services	86,632				86,632
Plant Operations and Maintenance	495,899				495,899
Pupil Transportation	236,698				236,698
Unallocated Benefits	1,710,382				1,710,382
Debt Service:					
Principal				140,000	140,000
Interest and Other Charges				140,331	140,331
Capital Outlay	110,811		3,145,439		3,256,250
Total Expenditures	<u>5,514,271</u>	<u>192,545</u>	<u>3,145,439</u>	<u>280,331</u>	<u>9,132,586</u>

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

TUCKERTON SCHOOL DISTRICT

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>
Excess (Deficiency) of Revenues Over Expenditures	<u>216,276</u>	<u>405</u>	<u>(3,144,248)</u>	<u>(4,821)</u>	<u>(2,932,388)</u>
Other Financing Sources/(Uses):					
Transfer from Capital Projects to Debt Service			(1,191)	1,191	-
Transfer from Capital Reserve to Capital Projects	(500,000)		500,000		-
Transfer from General Fund to Debt Service	<u>(4,821)</u>			<u>4,821</u>	<u>-</u>
Total Other Financing Sources/(Uses)	<u>(504,821)</u>	<u>-</u>	<u>498,809</u>	<u>6,012</u>	<u>-</u>
Net Change in Fund Balances	(288,545)	405	(2,645,439)	1,191	(2,932,388)
Fund Balance - July 1	<u>1,709,282</u>	<u>(3,130)</u>	<u>2,880,590</u>	<u>1,522</u>	<u>4,588,264</u>
Fund Balance - June 30	<u>\$ 1,420,737</u>	<u>(2,725)</u>	<u>235,151</u>	<u>2,713</u>	<u>1,655,876</u>

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

TUCKERTON SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

Exhibit B-3

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDSTO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ (2,932,388)
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.	
Capital Outlay	731,464
Depreciation Expense	(178,005)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	140,000
Change in net pension liability	136,288
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.	(7,485)
Contributions to pension plan in the current fiscal year are deferred outflows of resources on the statement of net position	61,771
Pension related deferrals	(313,957)
In the statement of activities, certain operating expenses as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported when paid.	<u>(2,620)</u>
Change in Net Position of Governmental Activities	<u>\$ (2,364,932)</u>

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

TUCKERTON SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2018

	<u>Enterprise Fund</u>
<b><u>Assets:</u></b>	
Current Assets:	
Cash	\$ 34,858
Total Current Assets	<u>34,858</u>
Noncurrent Assets:	
Equipment	72,105
Less: Accumulated Depreciation	<u>(66,264)</u>
Total Noncurrent Assets	<u>5,841</u>
Total Assets	<u>\$ 40,699</u>
 <b><u>Net Position:</u></b>	
Investment in Capital Assets	\$ 5,841
Unrestricted	<u>34,858</u>
Total Net Position	<u>\$ 40,699</u>

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

TUCKERTON SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET POSITIONPROPRIETARY FUNDSJUNE 30, 2018

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Fees	\$ 26,578
Total Operating Revenue	<u>26,578</u>
Operating Expenses:	
Salaries and Benefits	23,129
Miscellaneous	1,792
Depreciation	179
Total Operating Expenses	<u>25,100</u>
Operating (Loss)/Profit	1,478
Non-Operating Revenues:	
Interest Revenue	120
Total Non-Operating Revenues	<u>120</u>
Change in Net Position	1,598
Adjustment for Fixed Assets	1,923
Net Position, July 1	<u>37,178</u>
Net Position, June 30	<u>\$ 40,699</u>

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

**TUCKERTON SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS**

**Exhibit B-6**

**PROPRIETARY FUNDS**

**JUNE 30, 2018**

	<b><u>Enterprise Funds</u></b>
Cash Flows from Operating Activities:	
Receipts from Miscellaneous and Fees	\$ 26,578
Payments to Employees	(24,921)
Net Cash Used by Operating Activities	<u>1,657</u>
Cash Flows from Investing Activities:	
Interest	<u>120</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,777
Cash and Cash Equivalents July 1	<u>33,081</u>
Cash and Cash Equivalents June 30	<u>\$ 34,858</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ 1,478
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	<u>179</u>
Net Cash Used by Operating Activities	<u>\$ 1,657</u>

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

**TUCKERTON SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**

Exhibit B-7

**FIDUCIARY FUNDS**

**JUNE 30, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending</u>	<u>Summer Payroll</u>	<u>Agency Fund</u>	<u>Total</u>
Assets:					
Cash and Cash Equivalents	\$ 19,114	5,177	152,046	95,377	271,714
Total Assets	<u>\$ 19,114</u>	<u>5,177</u>	<u>152,046</u>	<u>95,377</u>	<u>271,714</u>
Liabilities:					
Due to Employees		\$ 5,177	152,046		157,223
Payroll Deductions and Withholdings				95,377	95,377
Total Liabilities		<u>\$ 5,177</u>	<u>152,046</u>	<u>95,377</u>	<u>252,600</u>
Net Position:					
Held in Trust for Unemployment Claims	\$ 19,114				19,114
Total Net Position	<u>\$ 19,114</u>				<u>19,114</u>

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



TUCKERTON SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSFOR THE YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>
<b><u>Additions</u></b>	
Investment Earnings:	
Interest	\$ 35
Total Additions	<u>35</u>
Change in Net Position	35
Net Position - Beginning of Year	<u>19,079</u>
Net Position - End of the Year	<u>\$ 19,114</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**TUCKERTON SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: Summary of Significant Accounting Policies**

The financial statements of the Board of Education (Board) of the Tuckerton 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.

**A. Reporting Entity:**

The Tuckerton School District is a Type II district located in the County of Ocean, 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-6. The Tuckerton School District had an approximate enrollment at June 30, 2018 of 293 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government 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

**B. Government-Wide Financial Statements**

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

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)****B. Government-Wide and Fund Financial Statements (Continued)**

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

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**D. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

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.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

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).

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 Fund Type**

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued):**

**Fiduciary Fund Types**

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

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Expendable Trust Fund: An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include Unemployment Compensation Insurance.

**E. Basis of Accounting:**

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both 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 recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

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

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**F. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2018 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

**G. Encumbrances:**

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

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

**H. Short-Term Interfund Receivables/Payables:**

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**I. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

**J. Capital Assets and Depreciation**

The District’s property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2017-2018 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2018, fiscal year 2018 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

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



NOTE 1: Summary of Significant Accounting Policies (Continued)J. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2017</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental Activities:				
Capital Assets That are Not Being Depreciated:				
Land	\$ 43,440	_____	_____	43,440
Total Capital Assets Not Being Depreciated	<u>43,440</u>	_____	_____	<u>43,440</u>
Depreciable Assets:				
Buildings & Sites	3,505,994		461,730	3,967,724
Machinery & Equipment	<u>905,373</u>	<u>(30,050)</u>	_____	<u>875,323</u>
Total	<u>4,411,367</u>	<u>(30,050)</u>	<u>461,730</u>	<u>4,843,047</u>
Less: Accumulated Depreciation for:				
Buildings and Sites	(2,249,165)	(12,576)	(127,843)	(2,389,584)
Machinery & Equipment	<u>(825,344)</u>	<u>312,360</u>	<u>(50,162)</u>	<u>(563,146)</u>
Total Accumulated Depreciation	<u>(3,074,509)</u>	<u>299,784</u>	<u>(178,005)</u>	<u>(2,952,730)</u>
Net Depreciable Assets	<u>1,336,858</u>	<u>269,734</u>	<u>283,725</u>	<u>1,890,317</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,380,298</u>	<u>269,734</u>	<u>283,725</u>	<u>1,933,757</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 178,005</u>
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	<u>Balance</u> <u>July 1, 2017</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2018</u>
Business-Type Activities:				
Equipment	\$ 81,942	(9,837)		72,105
Less: Accumulated Depreciation for:				
Equipment	<u>(77,845)</u>	<u>11,760</u>	<u>(179)</u>	<u>(66,264)</u>
	<u>\$ 4,097</u>	<u>1,923</u>	<u>(179)</u>	<u>5,841</u>

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absence balance is not considered material to the applicable fund total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

**L. Deferred Revenue**

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned. See note 1(e) regarding the special revenue fund.

**M. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

**N. Fund Equity**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Grants, entitlements, or shared revenues which are restricted for the acquisition or construction of capital assets are also recorded as contributed capital. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**O. Tuition Receivable**

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

**P. Tuition Payable**

Tuition charges for the fiscal year 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Q. Net Position**

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

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

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

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

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

**Fund Balance**

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

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

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

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

**NOTE 2: Cash and Cash Equivalents and Investments**

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

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**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.

**NOTE 2: Cash and Cash Equivalents and Investments (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.

**Investments**

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank of Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

	<b><u>2018</u></b>
FDIC	\$ 250,000
GUPDA	<u>2,021,621</u>
	<u>\$ 2,271,621</u>

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

	<b>Cash and Cash</b>
	<b><u>Equivalents</u></b>
Interest Bearing Checking Accounts	<u>\$ 2,092,026</u>
Total	<u>\$ 2,092,026</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2018 was \$2,092,026 and the bank balance was \$2,271,621. Of the bank balance \$250,000 was covered by federal depository insurance and \$2,021,621 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**NOTE 2: Cash and Cash Equivalents and Investments (Continued)****Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>	<u>Long-Term</u> <u>Portion</u>
Compensated						
Absences Payable	\$ 75,500	2,620		78,120		78,120
Pension Liability	1,804,360		(136,288)	1,668,072		1,668,072
Loans Payable	49,855			49,855	9,971	39,884
Bonds Payable	<u>4,506,000</u>	<u>      </u>	<u>(140,000)</u>	<u>4,366,000</u>	<u>291,000</u>	<u>4,075,000</u>
	<u>\$ 6,435,715</u>	<u>2,620</u>	<u>(276,288)</u>	<u>6,162,047</u>	<u>300,971</u>	<u>5,861,076</u>

**A. Bonds Payable**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2019	\$ 291,000	143,446	434,446
2020	275,000	133,395	408,395
2021	275,000	123,395	398,395
2022	280,000	113,235	393,235
2023	285,000	102,800	387,800
2024-2028	1,080,000	376,519	1,456,519
2029-2033	960,000	226,720	1,186,720
2034-2037	<u>920,000</u>	<u>62,361</u>	<u>982,361</u>
	<u>\$ 4,366,000</u>	<u>1,281,871</u>	<u>5,647,871</u>

Bonds issued 10/1/92 for \$2,443,000 at 4.0% thru 4.62% interest, maturing 7/15/24 with a balance of \$980,000 at June 30, 2018.

Bonds issued 2/9/17 for \$3,386,000 at 2.75% thru 3.375% interest maturing 7/15/36 with a balance of \$3,386,000 at June 30, 2018.

**NOTE 4: Pension Plans – (Continued)**

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**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 and N.J.S.A. 18:66, and 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 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/18	\$ 68,078	100%	0
6/30/17	54,273	100%	0
6/30/16	62,154	100%	0

**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/18	\$ 445,350	100%	0
6/30/17	365,679	100%	0
6/30/16	322,575	100%	0

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$445,350 to the TPAF for normal and 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 \$149,823 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. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

**NOTE 4: Pension Plans – (Continued)****Pension Expense Deferred Outflows/Inflows – PERS****Plan Description**

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

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.

The following represents the membership tiers for PERS:

<b><u>Tier</u></b>	<b><u>Definition</u></b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

**Basis of Presentation**

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.



**NOTE 4: Pension Plans – (Continued)****Allocation Methodology and Reconciliation to Financial Statements**

GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2016 through June 30, 2017. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

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

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

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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

**NOTE 4: Pension Plans – (Continued)**

For the year ended June 30, 2018, the District recognized pension expense of \$68,078. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 39,277	
Changes of Assumptions	336,059	334,827
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	11,358	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	360,986	56,769
District Contributions Subsequent to the Measurement Date	<u>68,078</u>	<u>          </u>
Total	<b><u>\$ 815,758</u></b>	<b><u>391,596</u></b>

\$815,758 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project 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 in the year ended 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:

**Additional Information**

Collective balances at December 31, 2017 and 2016 are as follows:

	<b><u>Dec. 31, 2017</u></b>	<b><u>Dec. 31, 2016</u></b>
Collective Deferred Outflows of Resources	\$ 815,758	753,987
Collective Deferred Inflows of Resources	391,596	77,639
Collective Net Pension Liability	1,668,072	1,804,360
District's Proportion	.00717%	.00609%

**NOTE 4: Pension Plans – (Continued)****Components of Net Pension Liability**

The components of the collective net pension liability of the participating employers as of June 30, 2017 were as follows:

	<b>2017</b>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 32,535,896,852	44,852,367,051	77,388,263,903
Plan Fiduciary Net Position	<u>6,890,274,055</u>	<u>21,573,965,463</u>	<u>28,464,239,518</u>
Net Pension Liability	<u>\$ 25,645,622,797</u>	<u>23,278,401,588</u>	<u>48,924,024,385</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	21.18%	48.10%	36.78%

The components of the collective net pension liability of the participating employers as of June 30, 2016 were as follows:

	<b>2016</b>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 36,295,189,928	49,474,698,146	85,769,888,074
Plan Fiduciary Net Position	<u>6,904,504,223</u>	<u>19,857,566,387</u>	<u>26,762,070,610</u>
Net Pension Liability	<u>\$ 29,390,685,705</u>	<u>29,617,131,759</u>	<u>59,007,817,464</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	19.02%	40.14%	31.20%

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 Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% – 5.15% Based on Age
Investment Rate of Return	7.00%

**NOTE 4: Pension Plans – (Continued)**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**NOTE 4: Pension Plans -- (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 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 employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

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

	<b>2017</b>		
	<b>At 1% Decrease (4.00%)</b>	<b>At Current Discount Rate (5.00%)</b>	<b>At 1% Increase (6.00%)</b>
State	\$ 29,818,581,732	25,645,622,797	22,179,578,513
Local	<u>28,878,437,027</u>	<u>23,278,401,588</u>	<u>18,612,878,069</u>
Total	<u>\$ 58,697,018,759</u>	<u>48,924,024,385</u>	<u>40,792,456,582</u>
	<b>2016</b>		
	<b>At 1% Decrease (3.90%)</b>	<b>At Current Discount Rate (4.90%)</b>	<b>At 1% Increase (5.90%)</b>
State	\$ 34,422,851,197	29,390,685,705	25,246,574,457
Local	<u>36,292,338,055</u>	<u>29,617,131,759</u>	<u>24,106,170,190</u>
Total	<u>\$ 70,715,189,252</u>	<u>59,007,817,464</u>	<u>49,352,744,647</u>

**NOTE 4: Pension Plans – (Continued)****Teachers Pensions and Annuity Fund (TPAF)****Plan Description**

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

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, member's beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<b><u>Tier</u></b>	<b><u>Definition</u></b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of  $1/60^{\text{th}}$  of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation**

The Schedule of employers and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**NOTE 4: Pension Plans – (Continued)****Allocation Methodology**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocation and applied to, presented in the schedule of pension amount by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation had modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, State's pension contribution was less than the actuarial determined amount.

**Special Funding Situation**

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

**Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Total Pension Liability	\$ 90,726,371,000	101,746,770,000
Plan Fiduciary Net Position	<u>23,056,161,829</u>	<u>22,717,862,967</u>
Net Pension Liability	<u>\$ 67,670,209,171</u>	<u>79,028,907,033</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%

**NOTE 4: Pension Plans – (Continued)****State Proportionate Share of Net Pension Liability Attributable to District**

	<u>2017</u>	<u>2016</u>
District's Liability	<u>\$ 11,941,401</u>	<u>14,467,586</u>
District's Proportion	.01765%	.01831%

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

Inflation Rate	2.25%
Salary Increases: 2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvements 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, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**Long-Term Expected Rate of Return**

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



**NOTE 4: Pension Plans – (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**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 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2017 (3.25%, 4.25%, 5.25%)	\$ 80,394,331,171	67,670,209,171	57,188,022,171
2016 (2.22%, 3.22%, 4.22%)	94,378,176,033	79,028,907,033	66,494,248,033

**NOTE 5: Post-Retirement Benefits****General Information about the OPEB Plan****Plan description and benefits provided**

P.O. 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.

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/board of trustees. Note that actual numbers will be published in the NJ State's CAFR.

**NOTE 5: Post-Retirement Benefits (Continued)**

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%	
	<u>TPAF</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55% - 4.55% based on years of service	2.15% - 4.15% based on age
Thereafter	2.00% - 5.45% based on years of service	3.15% - 5.15% based on age

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.

***Health Care Trend Assumptions***

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

***Discount Rate***

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

**NOTE 5: Post-Retirement Benefits (Continued)**

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

	<b>Total OPEB Liability</b>
Balance at 6/30/2016 Measurement Date	\$ 57,831,784,184
Changes for the Year:	
Service Cost	2,391,878,884
Interest on Total OPEB Liability	1,699,441,736
Change of Assumptions	(7,086,599,129)
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	
Gross Benefit Payments	(1,242,412,566)
Contributions from the Member	<u>45,748,749</u>
Balance at 6/30/2017 Measurement Date	<u>\$ 53,639,841,858</u>

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:

	<b>1% Decrease (2.58%)</b>	<b>Discount Rate (3.58%)</b>	<b>1% Increase (4.58%)</b>
Total OPEB Liability (School Retirees)	\$ 63,674,362,200	53,639,841,858	45,680,364,453

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 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ 44,113,584,560	53,639,841,858	66,290,599,457

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2018, the Board of Education recognized OPEB expense of \$762,493 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.



**NOTE 7: Equity Balance (Continued)**

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget.

**2% Calculation of Excess Surplus**

2017-18 Total General Fund Expenditures Per the CAFR	\$ 5,514,271
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(595,173)</u>
Adjusted 2017-18 General Fund Expenditures	<u>\$ 4,919,098</u>
2% of Adjusted 2017-18 General Fund Expenditures	<u>\$ 98,382</u>
Minimum Allowed	\$ 250,000
Increased by Allowable Adjustment	_____
Maximum Unassigned Fund Balance	<u>\$ 250,000</u>
Total General Fund – Fund Balance @ 6-30-18	\$ 1,645,056
Decreased by:	
Reserved for Encumbrances	67,103
Designated for Subsequent Years Expenditures – Excess Surplus	28,937
Designated for Subsequent Years Expenditures	174
Reserves	<u>1,290,210</u>
Total Unassigned Fund Balance	<u>\$ 258,632</u>
Maximum Unassigned Fund Balance	<u>\$ 250,000</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 8,632</u>
<b><u>Recapitulation of Excess Surplus as of June 30, 2018</u></b>	
Reserved Fund Balance – Excess Surplus	\$ 8,622
Designated for Subsequent Years Expenditures – Excess Surplus	<u>28,937</u>
	<u>\$ 37,559</u>
<b><u>Detail of Reserves</u></b>	
Capital Reserve	\$ 729,660
Maintenance Reserve	<u>560,550</u>
	<u>\$ 1,290,210</u>

**NOTE 8: 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.

**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 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 year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 25	0	0	19,053
2016-2017	26	0	0	19,079
2017-2018	35	0	0	19,114

**NOTE 9: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances existed at June 30, 2018.

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 28,729	
Special Revenue Fund		28,729
Capital Projects Fund		2,713
Debt Service Fund	<u>2,713</u>	<u>      </u>
	<u>\$ 31,442</u>	<u>31,442</u>

**NOTE 10: FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Tuckerton Board of Education in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

**NOTE 11: FUND BALANCE APPROPRIATED**

**General Fund** – Of the \$1,645,056 General Fund fund balance at June 30, 2018, \$67,103 is reserve for encumbrances; \$729,660 is Capital Reserve; \$560,550 is in Maintenance Reserve; \$29,111 is Designated for Subsequent Years Expenditures; \$8,632 is excess surplus; and \$250,000 is unassigned.

**NOTE 12: ECONOMIC DEPENDENCY**

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

**NOTE 13: DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$2,725 in the Special Revenue Fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school year budget. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need or corrective action. The District deficit in the GAAP fund statements of \$2,725 is equal to the last state aid payment.



**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 1 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,698,233		2,698,233	2,698,233	-
Tuition - Individuals	3,500		3,500	6,645	3,145
Transporation Fee	34,200		34,200	43,864	9,664
Interest Earned on Capital Reserve	100		100	-	(100)
Interest Earned on Maintenance Reserve	100		100		(100)
Miscellaneous	10,000		10,000	113,395	103,395
Total Local Sources	<u>2,746,133</u>	<u>-</u>	<u>2,746,133</u>	<u>2,862,137</u>	<u>116,004</u>
State Sources:					
Equalization Aid	1,244,469		1,244,469	1,244,469	-
Special Education Aid	166,602		166,602	166,602	-
Security Aid	51,045		51,045	51,045	-
School Choice	396,920		396,920	396,920	-
Transportation Aid	9,443		9,443	9,443	-
Supplemental Enrollment Growth Aid	390,411		390,411	390,411	-
Under Adequacy Aid	10,056		10,056	10,056	-
PARCC Readiness Aid	3,380		3,380	3,380	-
Per Pupil Growth Aid	3,380		3,380	3,380	-
Professional Learning Growth Aid	3,010		3,010	3,010	-
TPAF Pension (On Behalf-Non-Budgeted)			-	445,350	445,350
TPAF Social Security (Reimbursed - Non-Budgeted)			-	149,823	149,823
Total State Sources	<u>2,278,716</u>	<u>-</u>	<u>2,278,716</u>	<u>2,873,889</u>	<u>595,173</u>
Total Revenues	<u>5,024,849</u>	<u>-</u>	<u>5,024,849</u>	<u>5,736,026</u>	<u>711,177</u>

**TUCKERTON SCHOOL DISTRICT**

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**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 Final to Actual</u>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Local Contribution - Trans to Special Revenue - Regular	22,728		22,728	22,728	-
Kindergarten-Salaries	128,824		128,824	126,404	2,420
Grades 1-5 - Salaries of Teachers	873,947	6,658	880,605	858,981	21,624
Grades 6-8 - Salaries of Teachers	119,224		119,224	118,135	1,089
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	750		750	467	283
General Supplies	41,160	196	41,356	37,232	4,124
Textbooks	53,062	(14,871)	38,191	11,928	26,263
Other Objects	12,500	15,000	27,500	21,040	6,460
Total Regular Programs - Instruction	<u>1,252,195</u>	<u>6,983</u>	<u>1,259,178</u>	<u>1,196,915</u>	<u>62,263</u>
Resource Room/Resource Center:					
Salaries of Teachers	296,510	20,472	316,982	316,982	-
Other Salaries for Instruction	111,940	(12,447)	99,493	99,493	-
General Supplies	1,000		1,000		1,000
Textbooks	1,000		1,000		1,000
Total Resource Room/Resource Center	<u>410,450</u>	<u>8,025</u>	<u>418,475</u>	<u>416,475</u>	<u>2,000</u>

**TUCKERTON SCHOOL DISTRICT**

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**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 Final to Actual</u>
Multiple Disabilities:					
Salaries of Teachers	55,462		55,462	55,462	-
Other Salaries For Instruction	18,544	(122)	18,422	18,422	-
Purchased Professional Educational Services	2,500	(2,500)	-		-
Purchased Technical Services	1,000	(1,000)	-		-
Other Purchased Services	500	(352)	148		148
Textbooks	500		500		500
Other Objects	500		500		500
Total Autism	<u>79,006</u>	<u>(3,974)</u>	<u>75,032</u>	<u>73,884</u>	<u>1,148</u>
Preschool Disabilities-Full-Time:					
Salaries-Teachers	50,562		50,562	50,092	470
Other Salaries for Instruction	29,141	22,518	51,659	47,593	4,066
Purchased Professional Educational Services	1,000	(300)	700		700
General Supplies	500	300	800		800
Total Preschool Disabilities-Full-Time	<u>81,203</u>	<u>22,518</u>	<u>103,721</u>	<u>97,685</u>	<u>6,036</u>
Total Special Education - Instruction	<u>570,659</u>	<u>26,569</u>	<u>597,228</u>	<u>588,044</u>	<u>9,184</u>
Basic Skills/Remedial Instruction:					
Salaries of Teachers	176,198	(50,775)	125,423	123,203	2,220
Textbooks	500		500		500
Total Basic Skills/Remedial Instruction	<u>176,698</u>	<u>(50,775)</u>	<u>125,923</u>	<u>123,203</u>	<u>2,720</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	30,000	5,919	35,919	35,919	-
Supplies and Materials	1,000		1,000		1,000
Other Objects	2,500		2,500		2,500
Total School Sponsored Co-Curricular	<u>33,500</u>	<u>5,919</u>	<u>39,419</u>	<u>35,919</u>	<u>3,500</u>

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 4 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**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 Final to Actual</u>
Summer School-Instruction					
Salaries of Teachers	18,000		18,000	10,403	7,597
Other Salaries for Instruction	3,000		3,000	1,883	1,117
Purchased Professional & Tech. Services	5,000		5,000		5,000
General Supplies	1,000		1,000	-	1,000
Total Summer School	<u>27,000</u>	<u>-</u>	<u>27,000</u>	<u>12,286</u>	<u>14,714</u>
 Total Instruction	 <u>2,060,052</u>	 <u>(11,304)</u>	 <u>2,048,748</u>	 <u>1,956,367</u>	 <u>92,381</u>
Undistributed Expenditures-Instruction:					
Tuition to Other LEA's - Within State-Special	51,258	(47,210)	4,048	4,048	-
Tuition to CSSD & Regular Day Schools	48,460	12,210	60,670	25,660	35,010
Tuition Private School for Disabled W/I State		35,000	35,000	35,000	-
Total Undistributed Expenditures-Instruction	<u>99,718</u>	<u>-</u>	<u>99,718</u>	<u>64,708</u>	<u>35,010</u>
Undistributed Expenditures-Health:					
Salaries	58,112	2,500	60,612	60,612	-
Purchased Professional Services	750	900	1,650	900	750
Other Purchased Services	200		200		200
Supplies and Materials	1,000		1,000	575	425
Total Undistributed Expenditures-Health:	<u>60,062</u>	<u>3,400</u>	<u>63,462</u>	<u>62,087</u>	<u>1,375</u>
Undistributed Expenditures-Other Sup. Serv.					
Students-Related Services					
Salaries	52,062	1,098	53,160	53,160	-
Purchased Professional Educational Services	35,000	2,000	37,000	28,992	8,008
Supplies and Materials	500		500	500	-
Total Undistributed Expenditures-Other Sup. Serv.	<u>87,562</u>	<u>3,098</u>	<u>90,660</u>	<u>82,652</u>	<u>8,008</u>
Students-Related Services					

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 5 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**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 Final to Actual</u>
Undistributed Expenditures-Child Study Teams					
Salaries of Other Professional Staff	115,882	(15,221)	100,661	100,548	113
Salaries of Secretarial & Clerical Assistants	40,329	(2,358)	37,971	37,809	162
Purchased Prof./Educational Services	27,000	(16,209)	10,791	8,177	2,614
Supplies and Materials	3,000	2,300	5,300	4,800	500
Total Undistributed Expenditures-Other Supp. Serv.	<u>186,211</u>	<u>(31,488)</u>	<u>154,723</u>	<u>151,334</u>	<u>3,389</u>
Undistributed Expenditures-Improvement of Inst. Serv.:					
Salaries of Supervisors of Instruction	24,114	4,717	28,831	26,472	2,359
Purchased Prof./Educational Services	2,500	264	2,764	2,764	-
Total Undistributed Expenditures-Improvement of Inst. Serv.:	<u>26,614</u>	<u>4,981</u>	<u>31,595</u>	<u>29,236</u>	<u>2,359</u>
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	14,570		14,570	14,154	416
Other Salaries	67,241		67,241	67,241	-
Purchased Professional and Tech Services	50,282	67,489	117,771	116,806	965
Other Purchased Services	32,500	43,405	75,905	71,173	4,732
Supplies and Materials	25,000	(691)	24,309	17,948	6,361
Other Objects	4,500	510	5,010	4,490	520
Total Undistributed Expenditures - Edu. Media Serv./School Library	<u>194,093</u>	<u>110,713</u>	<u>304,806</u>	<u>291,812</u>	<u>12,994</u>

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 6 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Undistributed Expenditures - Instr. Staff Training Serv:					
Salaries of Supervisors	12,000	217	12,217	12,217	-
Secretarial and Clerical-Salaries	30,850	(714)	30,136	30,069	67
Purchased Professional-Educational Services	500	(350)	150		150
Supplies and Materials		150	150	102	48
Total Undistributed Expenditures - Instructional Staff Training Serv.	<u>43,350</u>	<u>(697)</u>	<u>42,653</u>	<u>42,388</u>	<u>265</u>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	76,056	3,702	79,758	79,758	-
Legal Services	6,000	3,765	9,765	9,565	200
Audit Fees	9,000	(500)	8,500	8,500	-
Other Purchased Professional Services	6,000	39	6,039	5,539	500
Communications/Telephone	1,500	7,230	8,730	8,730	-
BOE Other Purchased Services	1,750	1,698	3,448	3,448	-
Other Purchased Services		1,083	1,083	1,083	-
Judgements	1,500	(1,500)	-		-
General Supplies	2,050	(1,729)	321	321	-
BOE In-House Training/Meeting Supplies	250	(170)	80	80	-
BOE Dues and Fees	2,500	(2,437)	63	63	-
Total Undistributed Expenditures - Supp. Serv. - General Administration	<u>106,606</u>	<u>11,181</u>	<u>117,787</u>	<u>117,087</u>	<u>700</u>
Undistributed Expenditures - School Administration:					
Salaries of Principals/Assistant Principals	77,521	(1,276)	76,245	76,178	67
Total Undistributed Expenditures - School Administration	<u>77,521</u>	<u>(1,276)</u>	<u>76,245</u>	<u>76,178</u>	<u>67</u>



**TUCKERTON SCHOOL DISTRICT**

**Exhibit C-1  
Sheet 7 of 11**

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**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 Final to Actual</u>
Undistributed Expenditures - Central Services					
Salaries	76,022	4,696	80,718	80,718	-
Purchased Professional Services	2,000	184	2,184	2,184	-
Supplies and Materials	750	2,980	3,730	3,730	-
Total Undistributed Expenditures - Central Services	<u>78,772</u>	<u>7,860</u>	<u>86,632</u>	<u>86,632</u>	<u>-</u>
Undistributed Expenditures-Allow. Maint. School Facilities:					
Cleaning, Repair and Maintenance Services	128,000	(82,562)	45,438	41,416	4,022
General Supplies	60,000	(14,328)	45,672	42,975	2,697
Total Undistributed Expenditures-Allow. Maint. School Facilities	<u>188,000</u>	<u>(96,890)</u>	<u>91,110</u>	<u>84,391</u>	<u>6,719</u>
Undistributed Expenditures-Other Oper. & Maint. Of Plant:					
Salaries	178,995	35,463	214,458	214,458	-
Purchased Professional & Tech. Services	34,441	1,000	35,441	29,765	5,676
Other Purchased Property Services	7,500	1,000	8,500	568	7,932
Insurance	75,000		75,000	67,463	7,537
Supplies	35,671	(26,172)	9,499	8,630	869
Other Objects	6,000		6,000	5,864	136
Energy (Oil)	2,500	11	2,511	1,318	1,193
Energy (Natural Gas)	16,361	(7,000)	9,361	1,513	7,848
Energy (Electricity)	75,500	5,083	80,583	76,804	3,779
Total Undistributed Expenditures-Other Oper. & Maint. of Plant	<u>431,968</u>	<u>9,385</u>	<u>441,353</u>	<u>406,383</u>	<u>34,970</u>

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 8 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Care and Upkeep of Grounds:					
Cleaning Repair and Maintenance	3,000	2,500	5,500	5,125	375
Total Care and Upkeep of Grounds	<u>3,000</u>	<u>2,500</u>	<u>5,500</u>	<u>5,125</u>	<u>375</u>
Security:					
Purchased Professional and Tech Services	3,500		3,500		3,500
Total Security	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Total Undistributed Expenditures - Operation & Maintenance of Plant Services	<u>626,468</u>	<u>(85,005)</u>	<u>541,463</u>	<u>495,899</u>	<u>45,564</u>
Undistributed Expenditures - Student Transportation Serv:					
Salaries for Transportation Aides	18,448	(3,970)	14,478	13,231	1,247
Salaries for Transportation	39,995	(4,652)	35,343	33,407	1,936
Cleaning and Repairs	2,500	236	2,736	2,632	104
Contr. Serv. - Aid in Lieu of Payments - NonPublic Schools	10,000	70,056	80,056	79,229	827
Contr. Serv. - Aid in Lieu of Payments - Charter Schools		1,000	1,000	1,000	-
Contr. Serv. (Bet. Home & Sch.)-Joint Agreement	97,000	(8,388)	88,612	88,597	15
Contr. Serv. (Special Ed.)-Vendors	7,500	4,000	11,500	8,469	3,031
Miscellaneous Purchased Services	2,500	(1,796)	704	556	148
Supplies and Materials	9,000	577	9,577	9,577	-
Total Undistributed Expenditures - Student Transportation Services	<u>186,943</u>	<u>57,063</u>	<u>244,006</u>	<u>236,698</u>	<u>7,308</u>

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 9 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**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 Final to Actual</u>
Unallocated Benefits:					
Social Security Contributions	120,000	80,000	200,000	200,000	-
T.P.A.F. Contributions-ERIP	21,000	(15,000)	6,000	-	6,000
Other Retirement Contributions- PERS	55,250	13,000	68,250	68,078	172
Other Retirement Contributions- Regular	5,000		5,000	2,096	2,904
Unemployment Compensation	5,000		5,000	721	4,279
Workmen's Compensation	5,000		5,000	170	4,830
Health Benefits	929,000	(80,000)	849,000	839,218	9,782
Tuition Reimbursement	10,000		10,000	4,926	5,074
Other Employee Benefits	5,000	(4,821)	179		179
Total Unallocated Benefits	<u>1,155,250</u>	<u>(6,821)</u>	<u>1,148,429</u>	<u>1,115,209</u>	<u>33,220</u>
On-Behalf TPAF Pension Contributions - (Non Budgeted)	-	-	-	445,350	(445,350)
Reimbursed TPAF Social Security Contributions - (Non Budgeted)	-	-	-	149,823	(149,823)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>595,173</u>	<u>(595,173)</u>
Total Undistributed Expenditures	<u>2,929,170</u>	<u>73,009</u>	<u>3,002,179</u>	<u>3,447,093</u>	<u>(444,914)</u>
Total Current Expense	<u>4,989,222</u>	<u>61,705</u>	<u>5,050,927</u>	<u>5,403,460</u>	<u>(352,533)</u>

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 10 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**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 Final to Actual</u>
Capital Outlay:					
Interest Earned on Maintenance Reserve	100		100		100
Equipment:					
Grades 1-5		101,081	101,081	79,369	21,712
Custodial Services	16,456	(16,456)	-		-
Facilities, Acquisition & Construction Services:					
Construction Services	400,000	-	400,000	-	400,000
Other Objects		12,471	12,471	12,471	-
Assessment for Debt Service	18,971		18,971	18,971	-
Increase on Deposit to Capital Reserve	100		100		100
Total Capital Outlay	<u>435,627</u>	<u>97,096</u>	<u>532,723</u>	<u>110,811</u>	<u>421,912</u>
 Total Expenditures	 <u>5,424,849</u>	 <u>158,801</u>	 <u>5,583,650</u>	 <u>5,514,271</u>	 <u>69,379</u>
 Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures	<u>(400,000)</u>	<u>(158,801)</u>	<u>(558,801)</u>	<u>221,755</u>	<u>780,556</u>
 Other Financing Sources/(Uses):					
Transfer to Fund 30 from Capital Reserve				(500,000)	(500,000)
Transfer to Fund 40				(4,821)	(4,821)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(504,821)</u>	<u>(504,821)</u>

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 11 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**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 Final to Actual</u>
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures	(400,000)	(158,801)	(558,801)	(283,066)	275,735
Fund Balance July 1	<u>1,928,122</u>		<u>1,928,122</u>	<u>1,928,122</u>	<u>-</u>
Fund Balance June 30	<u>\$ 1,528,122</u>	<u>(158,801)</u>	<u>1,369,321</u>	<u>1,645,056</u>	<u>275,735</u>
Recapitulation:					
Committed Fund Balances					
Capital Reserve				\$ 729,660	
Maintenance Reserve				560,550	
Assigned Fund Balances:					
Year End Encumbrances				67,103	
Designated For Subsequent Years Expenditures - Excess Surplus				28,937	
Designated For Subsequent Years Expenditures				174	
Reserve for Excess Surplus				8,632	
Unassigned				<u>250,000</u>	
				1,645,056	
Reconciliation to Governmental Funds Statements (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(224,319)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,420,737</u>	

**TUCKERTON SCHOOL DISTRICT**

**Exhibit C-2**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Revenues:					
State Sources	\$ 27,834		27,834	27,834	
Federal Sources	164,711		164,711	164,711	
Total Revenues	<u>\$ 192,545</u>	<u>-</u>	<u>192,545</u>	<u>192,545</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 114,659		114,659	114,659	
Total Instruction	<u>114,659</u>	<u>-</u>	<u>114,659</u>	<u>114,659</u>	<u>-</u>
Support Services:					
Personal Services - Salaries	9,123		9,123	9,123	
Other Purchased Services	68,763		68,763	68,763	
Total Support Services	<u>77,886</u>	<u>-</u>	<u>77,886</u>	<u>77,886</u>	<u>-</u>
Total Expenditures	<u>\$ 192,545</u>	<u>-</u>	<u>192,545</u>	<u>192,545</u>	<u>-</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET-TO-GAAP RECONCILIATION**

**NOTE TO RSI**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 5,376,026	192,545
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		
State aid payment recognized for GAAP statements in the the current year, previously recognized for budgetary purposes.	218,840	3,130
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33)	<u>(224,319)</u>	<u>(2,725)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 5,370,547</u>	<u>192,950</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 5,514,271	192,545
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,514,271</u>	<u>192,545</u>



**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

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

**TUCKERTON SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE**

**NET PENSION LIABILITY - PERS**

**Exhibit L-1**

**LAST FIVE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,668,072	1,804,360	1,155,545	1,079,892	971,960
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,668,072</u>	<u>1,804,360</u>	<u>1,155,545</u>	<u>1,079,892</u>	<u>971,960</u>
District's Covered-Employee Payroll	\$ 515,164	467,238	385,920	336,444	380,029
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	30.88%	25.89%	33.40%	31.16%	39.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	36.78%	31.20%	38.21%	42.74%	40.71%

**TUCKERTON SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS**

**Exhibit L-2**

**LAST FIVE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 54,273	62,154	40,670	44,300	42,015
Contributions in Relation to the Contractually Required Contribution	<u>54,273</u>	<u>62,154</u>	<u>40,670</u>	<u>44,300</u>	<u>42,015</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 515,164	467,238	385,920	336,444	380,029
Contributions as a Percentage of Covered-Employee Payroll	10.54%	13.30%	10.54%	13.17%	11.06%

**TUCKERTON SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE**

**NET PENSION LIABILITY - TPAF**

**Exhibit L-3**

**LAST FIVE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>11,941,401</u>	<u>14,467,586</u>	<u>12,498,424</u>	<u>9,969,695</u>	<u>9,511,755</u>
Total	<u>\$ 11,941,401</u>	<u>14,467,586</u>	<u>12,498,424</u>	<u>9,969,695</u>	<u>9,511,755</u>
District's Covered-Employee Payroll	\$ 2,011,728	1,850,172	1,777,801	1,832,479	1,972,505
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	16.85%	12.79%	14.22%	18.38%	20.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING  
FOR OPEB (GASB 75) - M**

TUCKERTON SCHOOL DISTRICTSCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOSLAST TWO FISCAL YEARS

Exhibit M-1

	<u>2017</u>	<u>2016</u>
<b><u>State of New Jersey's Total OPEB Liability</u></b>		
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)
Member Contributions	45,748,749	46,273,747
Change of Assumptions	(7,086,599,129)	8,611,513,521
Net Change in Total OPEB Liability	<u>(4,191,942,326)</u>	<u>10,982,132,360</u>
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>
<b><u>State's OPEB Liability Attributable to the District</u></b>		
Service Cost	\$ 548,823	*
Interest	380,732	*
Benefit Payments	(277,976)	*
Member Contributions	10,236	*
Change of Assumptions or Other Inputs	(1,603,620)	*
Net Change in Total OPEB Liability	<u>(941,805)</u>	<u>*</u>
Total Attributable OPEB Liability - Beginning	<u>12,943,129</u>	<u>*</u>
Total Attributable OPEB Liability - Ending	<u>\$ 12,001,324</u>	<u>12,943,129</u>
District's Proportionate Share of Total OPEB Liability	Zero	Zero
District's Covered Payroll	\$ 2,526,892	2,317,410
District's Proportionate Share of OPEB Liability as a Percentage of its Covered-Employee Payroll	0.00%	0.00%
District's Contribution	None	None
State Covered Employee Payroll (6/30/16 Census Data)	\$ 13,493,400,208	13,493,400,208
Total State OPEB Liability as a Percentage of its Covered-Employee Payroll	397.53%	428.59%

\* - Information not available

Source: GASB 75 report on State of New Jersey Health Benefits Program; District Records.

Note: This schedule is required by GASB 75 to show information for a 10 year period. However, information is only currently available for two years. Additional years will be presented as they become available.

**OTHER SUPPLEMENTARY INFORMATION**



**SCHOOL LEVEL SCHEDULES – D**

**N/A**

**SPECIAL REVENUE FUND – E**

TUCKERTON SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Exhibit E-1

	<u>Title I</u>	<u>Title II Part A</u>	<u>Title IV Part A</u>	<u>I.D.E.A. Pre-School</u>	<u>I.D.E.A. Basic</u>	<u>Preschool Education Aid</u>	<u>Totals 2018</u>
Revenues:							
Federal Sources	\$ 76,825	9,123	10,000	63,581	5,182		164,711
State Sources						27,834	27,834
Total Revenue	<u>\$ 76,825</u>	<u>9,123</u>	<u>10,000</u>	<u>63,581</u>	<u>5,182</u>	<u>27,834</u>	<u>192,545</u>
Expenditures:							
Instruction:							
Salaries of Teachers	\$ 76,825		10,000			27,834	114,659
Total Instruction	<u>76,825</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>27,834</u>	<u>114,659</u>
Support Services:							
Personal Services - Salaries		9,123					9,123
Other Purchased Services				63,581	5,182		68,763
Total Support Services	<u>-</u>	<u>9,123</u>	<u>-</u>	<u>63,581</u>	<u>5,182</u>	<u>-</u>	<u>77,886</u>
Total Expenditures	<u>\$ 76,825</u>	<u>9,123</u>	<u>10,000</u>	<u>63,581</u>	<u>5,182</u>	<u>27,834</u>	<u>192,545</u>

TUCKERTON SCHOOL DISTRICTSPECIAL REVENUE FUND

Exhibit E-2

PRESCHOOL EDUCATION AIDSCHEDULE OF EXPENDITURESBUDGETARY BASISFOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 27,834	27,834	-
Total Instruction	<u>27,834</u>	<u>27,834</u>	<u>-</u>
 Total Expenditures	 <u>\$ 27,834</u>	 <u>27,834</u>	 <u>-</u>

Calculation of Budget and Carryover

Total 2017-2018 Preschool Education Aid Allocation	\$ 27,834
Add: Actual ECPA/PEA Carryover (June 30, 2017)	-
Add: Budgeted Transfer from the General Fund 2017-18	-
Total Preschool Education Aid Funds Available for 2017-2018 Budget	<u>27,834</u>
Less: 2017-2018 Budgeted Preschool Education Aid (Including Prior Year Budget Carryover)	<u>(27,834)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2017	
Add: June 30, 2018 Unexpended Preschool Education Aid	<u>-</u>
 2017-2018 Carryover - Preschool Education Aid Programs	 <u>\$ -</u>
 2017-2018 Preschool Education Aid Carryover Budgeted for Preschool Programs 2018-2019	 <u>\$ -</u>

**CAPITAL PROJECTS FUND – F**

TUCKERTON SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF PROJECT EXPENDITURESFOR THE YEAR ENDED JUNE 30, 2018

Revenues:	
Bond Proceeds	\$ -
Interest	1,191
Total Revenues	<u>1,191</u>
Expenditures:	
Construction Services	<u>3,145,439</u>
Revenues Over/(Under) Expenditures	(3,144,248)
Other Financing Sources/(Uses):	
Transfer to Debt Service	(1,191)
Transfer from Capital Reserve	500,000
Total Other Financing Sources/(Uses)	<u>498,809</u>
Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	(2,645,439)
Fund Balance - Beginning	<u>2,880,590</u>
Fund Balance - Ending	<u>\$ 235,151</u>

**TUCKERTON SCHOOL DISTRICT**

Exhibit F-2

**CAPITAL PROJECTS FUND****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****ADDITIONS & RENOVATIONS TO ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b><u>Revenues and Other Financing Sources</u></b>				
Bond Proceeds	\$ 3,386,000		3,386,000	3,386,000
Capital Reserve	250,000	500,000	750,000	1,150,000
Total Revenues	<u>3,636,000</u>	<u>500,000</u>	<u>4,136,000</u>	<u>4,536,000</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Construction Services	755,410	3,145,439	3,900,849	4,536,000
Total Expenditures	<u>755,410</u>	<u>3,145,439</u>	<u>3,900,849</u>	<u>4,536,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,880,590</u>	<u>(2,645,439)</u>	<u>235,151</u>	<u>-</u>
<b><u>Additional Project Information</u></b>				
Project Number	N/A			
Bonds Authorized	2/9/2017			
Bonds Issued	3,386,000			
Original Authorized Cost	\$ 3,636,000			
Additional Authorized Cost	900,000			
Revised Authorized Cost	<u>4,536,000</u>			
Percentage Completion	86%			
Original Target Completion Date	9/1/2017			
Revised Target Completion Date	8/31/2018			

**PROPRIETARY FUNDS – G**



**TUCKERTON SCHOOL DISTRICT****SCHEDULE OF NET POSITION**

Exhibit G-1

**ENTERPRISE FUNDS****JUNE 30, 2018**

	<b>Business - Type Activities Enterprise Funds</b>		<b>Totals</b>
	<b>Food Services</b>	<b>Aftercare</b>	
<b><u>Assets:</u></b>			
Current Assets:			
Cash	\$ -	34,858	34,858
Total Current Assets	<u>-</u>	<u>34,858</u>	<u>34,858</u>
Noncurrent Assets:			
Equipment	72,105		72,105
Less: Accumulated Depreciation	<u>(66,264)</u>		<u>(66,264)</u>
Total Noncurrent Assets	<u>5,841</u>	<u>-</u>	<u>5,841</u>
Total Assets	<u>\$ 5,841</u>	<u>34,858</u>	<u>40,699</u>
<b><u>Net Position:</u></b>			
Investment in Capital Assets	\$ 5,841		5,841
Unrestricted		<u>34,858</u>	<u>34,858</u>
Total Net Position	<u>\$ 5,841</u>	<u>34,858</u>	<u>40,699</u>

TUCKERTON SCHOOL DISTRICTSCHEDULE OF REVENUES, EXPENSES AND CHANGES

Exhibit G-2

IN FUND NET POSITIONENTERPRISE FUNDSJUNE 30, 2018

	<b>Business - Type Activities</b>		<b>Totals</b>
	<b>Enterprise Funds</b>		
	<b>Food</b>	<b>Aftercare</b>	
	<b>Services</b>	<b>Program</b>	
Operating Revenues:			
Local Sources:			
Fees	\$ -	26,578	26,578
Total Operating Revenue	-	26,578	26,578
Operating Expenses:			
Salaries and Benefits		23,129	23,129
Miscellaneous		1,792	1,792
Depreciation	179		179
Total Operating Expenses	179	24,921	25,100
Operating (Loss)/Profit	(179)	1,657	1,478
Non-Operating Revenues:			
Interest Revenue		120	120
Total Non-Operating Revenues	-	120	120
Excess/(Deficiency) of Revenues Over/(Under)			
Expenditures	(179)	1,777	1,598
Adjustment for Fixed Assets	1,923		1,923
Net Position, July 1	4,097	33,081	37,178
Net Position, June 30	\$ 5,841	34,858	40,699

TUCKERTON SCHOOL DISTRICTSCHEDULE OF CASH FLOWS

Exhibit G-3

ENTERPRISE FUNDSJUNE 30, 2018

	<b>Business - Type Activities Enterprise Funds</b>		<b>Totals</b>
	<b>Food Services</b>	<b>Aftercare Program</b>	
Cash Flows from Operating Activities:			
Receipts from Miscellaneous and Fees	\$ -	26,578	26,578
Payments to Employees		(24,921)	(24,921)
Net Cash Used by Operating Activities	-	1,657	1,657
Cash Flows from Investing Activities:			
Interest		120	120
Net Increase/(Decrease) in Cash and Cash Equivalents	-	1,777	1,777
Cash and Cash Equivalents July 1		33,081	33,081
Cash and Cash Equivalents June 30	\$ -	34,858	34,858
Cash Flows from Operating Activities:			
Operating (Loss)/Profit	\$ (179)	1,657	1,478
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:			
Depreciation	179		179
Net Cash Used by Operating Activities	\$ -	1,657	1,657

**FIDUCIARY FUND – H**

TUCKERTON SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AS OF JUNE 30, 2018

	<u>Agency</u>			<u>Expendable Trusts</u>	<u>Totals</u>	
	<u>Student Activity</u>	<u>Agency Account</u>	<u>Flexible Spending</u>	<u>Summer Payroll</u>	<u>Unemployment Compensation</u>	<u>2018</u>
Assets:						
Cash and Cash Equivalents	\$ 13,267	95,377	5,177	152,046	19,114	284,981
Total Assets	<u>\$ 13,267</u>	<u>95,377</u>	<u>5,177</u>	<u>152,046</u>	<u>19,114</u>	<u>284,981</u>
Liabilities and Net Position:						
Liabilities:						
Due to Student Groups	\$ 13,267					13,267
Due to Employees			5,177	152,046		157,223
Payroll Withholdings and Deductions		95,377	-			95,377
Total Liabilities	<u>\$ 13,267</u>	<u>95,377</u>	<u>5,177</u>	<u>152,046</u>	<u>-</u>	<u>265,867</u>
Net Position:						
Unreserved					\$ 19,114	19,114
Total Net Position					<u>\$ 19,114</u>	<u>19,114</u>

TUCKERTON SCHOOL DISTRICTEXPENDABLE TRUST FUNDS

Exhibit H-2

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITIONFOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Insurance Trust Fund</u>
Additions:	
Local Sources:	
Interest on Investments	\$ 35
Total Additions	<u>35</u>
Deductions:	
Unemployment Claims	-
Total Deductions	<u>-</u>
Change in Net Position	35
Net Position, July 1	<u>19,079</u>
Net Position, June 30	<u>\$ 19,114</u>

TUCKERTON SCHOOL DISTRICT

STUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Elementary School: Tuckerton Elementary	<u>\$ 14,090</u>	<u>9,995</u>	<u>10,818</u>	<u>13,267</u>

**TUCKERTON SCHOOL DISTRICT****PAYROLL AGENCY FUND**

Exhibit H-4

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets:				
Cash and Cash Equivalents	\$ 79,911	1,718,976	1,703,510	95,377
Liabilities:				
Payroll Deductions & Withholdings and Accounts Payable	\$ 79,911	1,718,976	1,703,510	95,377

**SUMMER PAYROLL**

Exhibit H-4a

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets:				
Cash and Cash Equivalents	\$ 151,665	152,046	151,665	152,046
Liabilities:				
Due to Employees	\$ 151,665	152,046	151,665	152,046



**LONG-TERM DEBT - I**

**TUCKERTON SCHOOL DISTRICT**

Exhibit I-1

**LONG-TERM DEBT**

**SCHEDULE OF SERIAL BONDS PAYABLE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount Of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2017</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Renovations to Elementary School	7/14/2004	\$ 2,443,000	7/15/18-20	\$ 140,000	4.25%	\$ 1,120,000	140,000	980,000
			7/15/2021	140,000	4.30%			
			7/15/22-23	140,000	4.50%			
			7/15/2024	140,000	4.62%			
Renovations to Elementary School	2/9/2017	3,386,000	7/15/2018	151,000	2.75%	3,386,000		3,386,000
			7/15/19-20	135,000	3.00%			
			7/15/2021	140,000				
			7/15/2022	145,000				
			7/15/2023	150,000				
			7/15/2024	155,000	3.125%			
			7/15/2025	160,000				
			7/15/2026	165,000				
			7/15/2027	170,000				
			7/15/2028	180,000				
			7/15/2029	185,000				
			7/15/2030	190,000				
			7/15/2031	200,000				
			7/15/2032	205,000				
			7/15/2033	215,000				
			7/15/2034	225,000	3.25%			
7/15/2035	235,000							
7/15/2036	245,000	3.375%						
Community Disaster Loan	2014/15	49,855	7/18/2018	9,971	1.500%	49,855		49,855
			7/18/2019	9,971				
			7/18/2020	9,971				
			7/18/2021	9,971				
			7/18/2022	9,971				
						<u>\$ 4,555,855</u>	<u>140,000</u>	<u>4,415,855</u>

**TUCKERTON SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

Exhibit I-3

**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	\$ 275,510	-	275,510	275,510	-
Total Revenues	<u>275,510</u>	<u>-</u>	<u>275,510</u>	<u>275,510</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	135,510	-	135,510	140,331	(4,821)
Redemption of Principal	140,000	-	140,000	140,000	-
Total Expenditures	<u>275,510</u>	<u>-</u>	<u>275,510</u>	<u>280,331</u>	<u>(4,821)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(4,821)	(4,821)
Other Financing Sources/(Uses):					
Transfer from General Fund				4,821	4,821
Transfer from Capital Projects				1,191	1,191
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,012</u>	<u>6,012</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources/(Uses)	-	-	-	1,191	1,191
Fund Balance July 1	<u>1,522</u>	<u>-</u>	<u>1,522</u>	<u>1,522</u>	
Fund Balance June 30	<u>\$ 1,522</u>	<u>-</u>	<u>1,522</u>	<u>2,713</u>	<u>1,191</u>

**STATISTICAL SECTION**

**(Unaudited)**

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-1

	<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>
Governmental Activities										
Invested in Capital Assets, net of related Debt	\$ 43,440	260,298	245,372	236,459	405,596	2,191,828	2,096,684	2,101,591	1,831,978	1,607,978
Restricted	1,630,195	4,560,060	1,783,257	1,576,360	1,186,006	1,086,289	1,142,358	883,426	656,026	729,770
Unrestricted	<u>(3,889,948)</u>	<u>(4,671,739)</u>	<u>(1,095,474)</u>	<u>(1,031,887)</u>	<u>(70,545)</u>	<u>(12,928)</u>	<u>(273,419)</u>	<u>(7,318)</u>	<u>(267,519)</u>	<u>(9,036)</u>
Total Governmental Activities	<u>\$ (2,216,313)</u>	<u>148,619</u>	<u>933,155</u>	<u>780,932</u>	<u>1,521,057</u>	<u>3,265,189</u>	<u>2,965,623</u>	<u>2,977,699</u>	<u>2,220,485</u>	<u>2,328,712</u>
Business Type Activities										
Invested in Capital Assets, net of related Debt	\$ 5,841	4,097	4,097	1,568	1,565	43,684	49,510	55,336	61,159	66,983
Unrestricted	<u>34,858</u>	<u>33,081</u>	<u>16,166</u>	<u>37,096</u>	<u>38,200</u>	<u>26,788</u>	<u>(7,648)</u>	<u>(32,372)</u>	<u>(26,136)</u>	<u>(15,730)</u>
Total Business Type Activities	<u>\$ 40,699</u>	<u>37,178</u>	<u>20,263</u>	<u>38,664</u>	<u>39,765</u>	<u>70,472</u>	<u>41,862</u>	<u>22,964</u>	<u>35,023</u>	<u>51,253</u>
District-wide										
Invested in Capital Assets, net of related Debt	\$ 49,281	264,395	249,469	238,027	407,161	2,235,512	2,146,194	2,156,927	1,893,137	1,674,961
Restricted	1,630,195	4,560,060	1,783,257	1,576,360	1,186,006	1,086,289	1,142,358	883,426	656,026	729,770
Unrestricted	<u>(3,855,090)</u>	<u>(4,638,658)</u>	<u>(1,079,308)</u>	<u>(994,791)</u>	<u>(32,345)</u>	<u>13,860</u>	<u>(281,067)</u>	<u>(39,690)</u>	<u>(293,655)</u>	<u>(24,766)</u>
Total District Net Position	<u>\$ (2,175,614)</u>	<u>185,797</u>	<u>953,418</u>	<u>819,596</u>	<u>1,560,822</u>	<u>3,335,661</u>	<u>3,007,485</u>	<u>3,000,663</u>	<u>2,255,508</u>	<u>2,379,965</u>

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-2

	<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>
Expenses:										
Governmental Activities	\$ 8,565,130	6,675,887	5,705,983	5,238,626	5,481,225	5,095,046	4,720,748	4,176,109	4,402,396	4,123,084
Business Type Activities	25,100	20,097	52,635	37,859	25,237	37,306	163,851	141,093	146,916	128,775
Total District Expenses	<u>8,590,230</u>	<u>6,695,984</u>	<u>5,758,618</u>	<u>5,276,485</u>	<u>5,506,462</u>	<u>5,132,352</u>	<u>4,884,599</u>	<u>4,317,202</u>	<u>4,549,312</u>	<u>4,251,859</u>
Program Revenues:										
Governmental Activities	199,595	194,698	243,665	201,549	204,988	261,575	340,080	322,364	338,775	215,924
Business Type Activities	26,578	27,857	31,636	36,694	31,561		176,727	121,034	56,168	110,309
Total District Program Revenues	<u>226,173</u>	<u>222,555</u>	<u>275,301</u>	<u>238,243</u>	<u>236,549</u>	<u>261,575</u>	<u>516,807</u>	<u>443,398</u>	<u>394,943</u>	<u>326,233</u>
Net (Expense):										
Governmental Activities	(8,365,535)	(6,481,189)	(5,462,318)	(5,037,077)	(5,276,237)	(4,833,471)	(4,380,668)	(3,853,745)	(4,063,621)	(3,907,160)
Business Type Activities	1,478	7,760	(20,999)	(1,165)	6,324	(37,306)	12,876	(20,059)	(90,748)	(18,466)
Total District-wide Net Expense	<u>(8,364,057)</u>	<u>(6,473,429)</u>	<u>(5,483,317)</u>	<u>(5,038,242)</u>	<u>(5,269,913)</u>	<u>(4,870,777)</u>	<u>(4,367,792)</u>	<u>(3,873,804)</u>	<u>(4,154,369)</u>	<u>(3,925,626)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities	6,000,603	5,696,653	5,614,541	5,549,811	5,395,084	5,133,037	4,368,592	4,522,200	4,104,919	4,343,414
Business Type Activities	120	9,155	2,598	64	28	65,916	6,022	8,000	3,535	7,000
Total District-wide	<u>6,000,723</u>	<u>5,705,808</u>	<u>5,617,139</u>	<u>5,549,875</u>	<u>5,395,112</u>	<u>5,198,953</u>	<u>4,374,614</u>	<u>4,530,200</u>	<u>4,108,454</u>	<u>4,350,414</u>
Change in Net Position:										
Governmental Activities	(2,364,932)	(784,536)	152,223	512,734	118,847	299,566	(12,076)	668,455	41,298	436,254
Business Type Activities	1,598	16,915	(18,401)	(1,101)	6,352	28,610	18,898	(12,059)	(87,213)	(11,466)
Total District	<u>\$ (2,363,334)</u>	<u>(767,621)</u>	<u>133,822</u>	<u>511,633</u>	<u>125,199</u>	<u>328,176</u>	<u>6,822</u>	<u>656,396</u>	<u>(45,915)</u>	<u>424,788</u>

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**FUND BALANCES, GOVERNMENT FUNDS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-3

	<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>
General Fund:										
Reserved	\$ 1,395,056	1,677,948	1,686,277	1,479,380	1,095,970	928,648	597,184	823,969	575,122	680,145
Unreserved	25,681	31,334	30,053	35,756	50,796	14,859	(273,419)	106,179	(146,241)	112,982
Total General Fund	<u>\$ 1,420,737</u>	<u>1,709,282</u>	<u>1,716,330</u>	<u>1,515,136</u>	<u>1,146,766</u>	<u>943,507</u>	<u>323,765</u>	<u>930,148</u>	<u>428,881</u>	<u>793,127</u>
All Other Governmental Funds:										
Unreserved, Reported in:										
Special Revenue Fund	\$ (2,725)	(3,130)	(3,711)	(3,133)	(4,184)	(5,279)	(5,323)	(8,746)	(9,849)	(7,261)
Capital Projects Fund	235,151	2,880,590	94,220	94,220	94,220	165,100	544,997	38,447	63,758	29,922
Debt Service Fund	2,713	1,522	2,760	2,760		2,760	5,520	29,755	26,995	26,964
Total All Other Government Funds	<u>\$ 235,139</u>	<u>2,878,982</u>	<u>93,269</u>	<u>93,847</u>	<u>90,036</u>	<u>162,581</u>	<u>545,194</u>	<u>59,456</u>	<u>80,904</u>	<u>49,625</u>

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**NET CHANGES IN FUND BALANCE**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-4

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues:</b>										
Local Tax Levy	\$ 2,973,743	2,834,436	2,789,062	2,746,490	2,699,395	2,704,915	2,637,323	2,621,919	2,572,775	2,488,397
Other Local Revenue	165,095	3,526,747	138,391	115,806	71,659	110,348	158,525	403,302	101,392	123,445
State Revenue	2,896,649	2,824,866	2,761,307	2,684,021	2,624,530	2,563,609	1,859,374	1,670,348	1,490,563	1,792,289
Federal Revenue	164,711	161,644	169,446	168,025	211,997	173,302	251,635	182,306	354,062	134,552
<b>Total Revenues</b>	<b>6,200,198</b>	<b>9,347,693</b>	<b>5,858,206</b>	<b>5,714,342</b>	<b>5,607,581</b>	<b>5,552,174</b>	<b>4,906,857</b>	<b>4,877,875</b>	<b>4,518,792</b>	<b>4,538,683</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular	1,196,915	1,252,545	1,203,987	1,198,144	1,170,085	1,234,202	1,258,425	1,096,775	1,241,532	1,081,221
Special	588,044	578,022	565,295	579,702	604,042	541,634	595,117	489,500	437,933	447,024
Other	171,408	221,445	105,303	155,085	105,615	84,220	89,830	47,385	71,052	72,642
<b>Total Instruction</b>	<b>1,956,367</b>	<b>2,052,012</b>	<b>1,874,585</b>	<b>1,932,931</b>	<b>1,879,742</b>	<b>1,860,056</b>	<b>1,943,372</b>	<b>1,633,660</b>	<b>1,750,517</b>	<b>1,600,887</b>
<b>Undistributed:</b>										
Instruction	64,708	49,078	59,308	169,461	171,272	39,721	4,591	6,955	-	54,000
<b>Support Service:</b>										
Students	659,509	577,255	534,409	413,076	497,036	594,745	510,214	424,458	465,277	471,626
School Administration	279,897	264,893	186,305	264,633	279,044	112,177	250,002	106,203	98,963	177,145
Operations and Maintenance	495,899	561,327	632,780	469,511	454,267	424,148	383,221	391,120	457,749	388,980
Student Transportation	236,698	150,899	178,569	146,907	135,854	132,634	106,132	82,088	110,295	103,846
<b>Business and Other Support Services:</b>			91,725							
Employee Benefits	1,710,382	1,624,177	1,624,367	1,481,780	1,272,089	1,250,175	641,723	893,264	945,956	579,042
Other							18,285	149,354	147,030	39,612
On-behalf TPAF Contribution							196,540		-	109,278
Reimbursed TPAF Social Security Contr.							92,152		-	143,601
Food Services & Other Transfers							162,185	8,000	146,081	7,000
Education Jobs							50,855			
<b>Total Undistributed</b>	<b>3,447,093</b>	<b>3,227,629</b>	<b>3,307,463</b>	<b>2,945,368</b>	<b>2,809,562</b>	<b>2,553,600</b>	<b>2,415,900</b>	<b>2,061,442</b>	<b>2,371,351</b>	<b>2,074,130</b>
<b>Capital Outlay:</b>										
Facilities Acq. and Construction Serv.										
Other	110,811	77,648	73,379	99,257	31,426	308,898	42,976	33,412	9,509	68,843
<b>Total Capital Outlay</b>	<b>110,811</b>	<b>77,648</b>	<b>73,379</b>	<b>99,257</b>	<b>31,426</b>	<b>308,898</b>	<b>42,976</b>	<b>33,412</b>	<b>9,509</b>	<b>68,843</b>
<b>Total General Fund Expenditures</b>	<b>5,514,271</b>	<b>5,357,289</b>	<b>5,255,427</b>	<b>4,977,556</b>	<b>4,720,730</b>	<b>4,722,554</b>	<b>4,402,248</b>	<b>3,728,514</b>	<b>4,131,377</b>	<b>3,743,860</b>
<b>Special Revenue:</b>										
Federal	164,711	161,644	169,446	168,025	161,047	173,258	182,520	182,306	197,402	134,552
State	27,834	32,473	37,112	32,473	42,846	54,284	35,594	88,720	72,978	72,978
<b>Total Special Revenue Expenditures</b>	<b>192,545</b>	<b>194,117</b>	<b>206,558</b>	<b>200,498</b>	<b>203,893</b>	<b>227,542</b>	<b>218,114</b>	<b>271,026</b>	<b>270,380</b>	<b>207,530</b>
<b>Debt Service Expenditures</b>	<b>280,331</b>	<b>191,870</b>	<b>195,605</b>	<b>201,125</b>	<b>209,405</b>	<b>214,925</b>	<b>217,685</b>	<b>223,205</b>	<b>319,212</b>	<b>325,133</b>
<b>Capital Project Expenditures</b>	<b>3,145,439</b>	<b>755,410</b>			<b>335,330</b>	<b>129,877</b>	<b>16,040</b>	<b>175,311</b>	<b>130,790</b>	<b>10,921</b>
<b>Total Governmental Fund Expenditures</b>	<b>9,132,586</b>	<b>6,498,686</b>	<b>5,657,590</b>	<b>5,379,179</b>	<b>5,469,358</b>	<b>5,294,898</b>	<b>4,854,087</b>	<b>4,398,056</b>	<b>4,851,759</b>	<b>4,287,444</b>
<b>Other Financing Sources/(Uses)</b>		<b>(70,342)</b>		<b>37,018</b>	<b>(7,509)</b>	<b>(157,562)</b>				
<b>Net Changes in Fund Balance</b>	<b>\$ (2,932,388)</b>	<b>2,778,665</b>	<b>200,616</b>	<b>372,181</b>	<b>130,714</b>	<b>99,714</b>	<b>52,770</b>	<b>479,819</b>	<b>(332,967)</b>	<b>251,239</b>

Source: District Records



**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**GENERAL FUND OTHER LOCAL REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-5

<b><u>Fiscal Year</u></b> <b><u>Ended June 30</u></b>	<b><u>Interest</u></b>	<b><u>Tuition/ Transportation</u></b>	<b><u>Misc.</u></b>	<b><u>Total</u></b>
2009	\$ 4,946	79,447	39,042	123,435
2010		51,494	57,838	109,332
2011		50,235	74,312	124,547
2012		67,688	90,837	158,525
2013	1,915	33,989	74,444	110,348
2014	1,752	45,320	24,587	71,659
2015		49,051	66,755	115,806
2016	2,285	37,685	98,421	138,391
2017	1,522	11,748	127,477	140,747
2018	-	50,509	113,395	163,904

Source: District Records

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
**UNAUDITED**

Exhibit J-6

<u>Year Ended December 31,</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2008	\$ 428,807,230	536,210,116	79.97%
2009	432,891,924	542,607,074	79.78%
2010	435,673,002	524,338,671	83.09%
2011	433,860,431	514,834,324	84.46%
2012	433,424,395	491,857,007	88.12%
2013	439,222,953	458,383,378	95.82%
2014	411,829,747	420,964,681	97.83%
2015	404,952,400	392,700,155	103.12%
2016	403,656,400	388,542,112	103.89%
2017	405,555,300	404,867,026	100.17%

Source: Abstract of Ratables, Ocean County Board of Taxation

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING**  
**PER \$100 OF ASSESSED VALUATION**  
**LAST TEN YEARS**  
**UNAUDITED**

Exhibit J-7

<u>Assessment Year</u>	<u>Tuckerton</u>		<u>Pinelands Regional</u>	<u>Ocean County</u>	<u>Total</u>
	<u>School District</u>	<u>Borough</u>			
2008	0.580	0.531	0.504	0.387	2.002
2009	0.594	0.572	0.526	0.389	2.081
2010	0.602	0.571	0.543	0.393	2.109
2011	0.607	0.598	0.496	0.405	2.106
2012	0.625	0.612	0.498	0.409	2.144
2013	0.643	0.612	0.519	0.411	2.185
2014	0.667	0.626	0.553	0.417	2.263
2015	0.689	0.633	0.554	0.401	2.277
2016	0.702	0.661	0.541	0.401	2.305
2017	0.733	0.679	0.604	0.416	2.432

Source: Tax Collector

**TUCKERTON SCHOOL DISTRICT**  
**SCHEDULE OF PRINCIPAL TAXPAYERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**UNAUDITED**

**Exhibit J-8**

**Current Year**

<u>Taxpayer</u>	<u>Assessed Valuation 2017</u>	<u>As a Percentage of District Net Assessed Valuation</u>
	\$ -	0.00%
		0.00%
		0.00%
		0.00%
		0.00%
		0.00%
		0.00%
		0.00%
		0.00%
		0.00%
	\$ -	0.00%

Source: Tax Assessor

\* - Information not available for Current Year and 9 years ago.

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**  
**UNAUDITED**

Exhibit J-9

<b><u>Year Ended December 31,</u></b>	<b><u>Total Tax Levy</u></b>	<b><u>Current Tax Collections</u></b>	<b><u>Percent of Tax Levy Collected</u></b>
2008	\$ 8,649,743	8,369,304	96.76%
2009	9,071,802	8,767,316	96.64%
2010	9,217,455	8,930,652	96.89%
2011	9,164,097	8,833,607	96.39%
2012	9,311,829	8,917,623	95.77%
2013	9,174,218	8,778,799	95.69%
2014	9,358,024	8,991,914	96.09%
2015	9,294,575	8,970,099	96.51%
2016	9,385,420	9,107,462	97.04%
2017	9,967,656	9,610,308	96.41%

Source: Municipal Tax Collector

TUCKERTON SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

**Exhibit J-10**

Information not available

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**RATIO OF NET GENERAL BONDED DEBT**  
**TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-11

<u>Year</u>	<u>School District Population *</u>	<u>Net Assessed Valuation Taxable</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2008	3,876	428,807,230	2,532,000	0.59%	653.25
2009	3,916	432,891,924	2,312,000	0.53%	590.40
2010	3,353	435,673,002	2,088,000	0.48%	622.73
2011	3,364	435,673,002	1,950,000	0.45%	579.67
2012	3,364	433,860,431	1,812,000	0.42%	538.64
2013	3,378	419,334,514	1,536,000	0.37%	454.71
2014	3,396	411,829,747	1,398,000	0.34%	411.66
2015	3,377	404,952,400	1,260,000	0.31%	373.11
2016	3,379	403,656,400	4,555,855	1.13%	1,348.28
2017	3,372	405,555,300	4,415,855	1.09%	1,309.57

Source: Tax Collector/School District Records

\*Estimates

**TUCKERTON SCHOOL DISTRICT**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**  
**UNAUDITED**

Exhibit J-12

<b>Net Direct Debt of School District:</b>	
as of December 31, 2017	\$ 4,415,976
<b>Net Overlapping Debt of School District:</b>	
County of Ocean (0.46%)	2,156,049
Borough of Tuckerton (100%)	<u>707,533</u>
<b>Total Direct and Overlapping Bonded Debt</b>	
as of December 31, 2017	<u>\$ 7,279,558</u>

Source: Tax Collector & School District



**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**UNAUDITED**

Exhibit J-13

<u>Year</u>	<u>Equalized Valuation Basis</u>
2017	\$ 404,060,277
2016	402,971,349
2015	<u>389,789,585</u>
	<u>\$ 1,196,821,211</u>
<b>Average Equalized Valuation</b>	<b>\$ 398,940,404</b>
<b>School Borrowing Margin( 3% of \$398,940,404)</b>	<b>\$ 11,968,212</b>
<b>Net Bonded Debt at June 30, 2018</b>	<b><u>4,366,000</u></b>
<b>School Borrowing Margin Available</b>	<b><u>\$ 7,602,212</u></b>

\* - Other Information Not Available

Source: State of New Jersey, Department of Treasury,  
Division of Taxation

**TUCKERTON SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-14

<u>Year</u>	<u>Population</u>	<u>Per Capita Income*</u>	<u>Personal Income</u>	<u>Unemployment Rate</u>
2008	3,888	41,329	160,687,152	8.1%
2009	3,916	39,746	155,645,336	13.2%
2010	3,353	39,900	133,784,700	13.9%
2011	3,364	41,475	139,521,900	14.5%
2012	3,365	42,603	143,359,095	14.8%
2013	3,378	42,946	145,071,588	9.0%
2014	3,396	44,453	150,962,388	7.5%
2015	3,377	46,385	156,642,145	6.0%
2016	3,379	47,413	160,208,527	4.9%
2017	3,372	Unavailable	Unavailable	5.5%

Source: District Records and State  
of New Jersey

\*County information available only

**TUCKERTON SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**

**Exhibit J-15**

Information not available

**TUCKERTON SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**UNAUDITED**

Exhibit J-16

	<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>
<b>Function/Program:</b>										
<b>Instruction:</b>										
Regular	24.0	24.0	24.0	24.5	27.5	27.5	27.5	27.5	27.5	26.5
Special Education	9.0	8.0	8.0	7.5	6.5	7.0	7.0	7.0	6.0	5.0
Other Instruction	10.0	10.0	11.0	13.0	13.0	13.5	13.5	9.0	6.0	6.0
Total Instruction	<u>43.0</u>	<u>42.0</u>	<u>43.0</u>	<u>45.0</u>	<u>47.0</u>	<u>48.0</u>	<u>48.0</u>	<u>43.5</u>	<u>39.5</u>	<u>37.5</u>
<b>Support Services:</b>										
Student & Instruction Related Services	2.50	2.50	2.50	2.00	2.00	2.00	2.0	2.0	2.0	2.0
General Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.0	2.0	2.0	2.0
Pupil Transportation	1.00	1.00	1.00	0.75	0.75	0.75	0.5	0.5	0.5	0.5
Other Support Services	1.25	1.25	1.25	1.00	1.00	1.00	1.0	1.0	1.0	1.0
Total Support Services	<u>6.75</u>	<u>6.75</u>	<u>6.75</u>	<u>5.75</u>	<u>5.75</u>	<u>5.75</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>
Total District	<u><u>49.75</u></u>	<u><u>48.75</u></u>	<u><u>49.75</u></u>	<u><u>50.75</u></u>	<u><u>52.75</u></u>	<u><u>53.75</u></u>	<u><u>53.5</u></u>	<u><u>49.0</u></u>	<u><u>45.0</u></u>	<u><u>43.0</u></u>

Source: District Records

**TUCKERTON SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-17

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Enrollment</u>	<u>Operating</u> <u>Expenditures</u>	<u>Cost Per</u> <u>Pupil</u>	<u>Percentile</u> <u>Change</u>	<u>Teaching</u> <u>Staff</u>
2009	256	\$ 3,963,096	15,481	28.97%	38
2010	303	3,985,296	13,153	-15.05%	40
2011	329	3,720,514	11,309	-14.01%	44
2012	348	4,132,867	11,876	5.01%	45
2013	341	4,763,595	13,969	17.60%	48
2014	327	4,720,730	14,436	3.22%	47
2015	334	4,550,252	13,624	-5.63%	45
2016	339	5,386,772	15,890	16.70%	43
2017	286	5,357,289	18,732	17.80%	43
2018	293	5,370,547	18,330	-2.10%	43

Source: District Records

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-18

<u>Tuckerton Elementary School</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Square Feet	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Capacity	380	380	380	380	380	380	380	380	380	380
Enrollment	293	286	329	327	327	341	348	329	303	256

Source: District Records

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

**Exhibit J-19**

<b><u>Fiscal Year</u></b> <b><u>Ended June 30</u></b>	<b><u>Tuckerton</u></b> <b><u>Elementary</u></b> <b><u>School</u></b>
2009	\$ 226,894
2010	228,813
2011	205,746
2012	237,554
2013	225,835
2014	238,935
2015	258,265
2016	203,075
2017	141,321
2018	84,391

Source: District Records

**BOROUGH OF TUCKERTON SCHOOL DISTRICT****INSURANCE SCHEDULE****JUNE 30, 2018****UNAUDITED****Exhibit J-20**

	<u>Coverage</u>	<u>Deductible</u>
<b>School Package Policy:</b>		
<b>Property - Blanket</b>	\$ 10,825,138	\$
<b>School District Legal Liability</b>	100,000	
<b>Umbrella</b>	5,000,000	10,000
<b>Employee Benefit Program Liability</b>	1,000,000	
<b>Data Processing</b>	225,000	250
<b>Commercial General Liability Coverage</b>	3,000,000	1,000
<b>Worker's Compensation</b>	Statutory	
<b>Administrator - Bond</b>	50,000	
<b>Treasurer - Bond</b>	180,000	
<b>Student Accident</b>	1,000,000	

**Source: District Records**



**SINGLE AUDIT SECTION**

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

**INDEPENDENT AUDITOR'S 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**

K-1

Honorable President and Members  
of the Board of Education  
Tuckerton School District  
County of Ocean  
Tuckerton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tuckerton Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Tuckerton Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated November 16, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Tuckerton Board of Education, County of Ocean, State of New Jersey'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 of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tuckerton Board of Education, County of Ocean, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tuckerton Board of Education, County of Ocean, State of New Jersey's internal control.

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

Our consideration of internal control was for the limited purposes 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 Tuckerton Board of Education, County of Ocean, State of New Jersey's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

**Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company  
Wall Township, New Jersey**

November 16, 2018

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE AND SCHEDULES OF EXPENDITURE OF STATE  
FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**K-2**

Honorable President and Members  
of the Board of Education  
Tuckerton School District  
County of Ocean  
Tuckerton, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Tuckerton School District, County of Ocean, State of New Jersey's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Tuckerton School District, County of Ocean, State of New Jersey's major state programs for the year ended June 30, 2018. The Board of Education of the Tuckerton School District, County of Ocean, State of New Jersey'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 federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Tuckerton School District, County of Ocean, State of New Jersey's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 160, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and U.S. Uniform Guidance and New Jersey OMB's 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 Board of Education of the Tuckerton School District, County of Ocean, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Board of Education of the Tuckerton School District, County of Ocean, State of New Jersey's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Board of Education of the Tuckerton School District, County of Ocean, State of New Jersey's, 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 Board of Education of the Tuckerton School District, County of Ocean, State of New Jersey's 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 Board of Education of the Tuckerton School District, County of Ocean, State of New Jersey'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 federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Tuckerton School District, County of Ocean, State of New Jersey'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 a 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 was for the limited purposes 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

**Licensed Public School Accountant**

**No. 322**

**Robert A. Hulsart and Company**

**Wall Township, New Jersey**

November 16, 2018

TUCKERTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2018

Schedule A  
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Federal FAIN Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2017	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances/ Adjustment	Balance at June 30, 2018			
				From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education:															
Passed Through State Department of Education:															
Title I	84.010	S010A150030	NCLB 18	09/01/2017	03/31/2018	\$ 76,825	\$ -	60,019	(76,825)			(16,806)			
Title IIA	84.367A	S367A150029	NCLB 18	09/01/2017	08/31/2018	9,123		9,123	(9,123)						
Title IV	84.424	S424A170031	NCLB 18	09/01/2017	08/31/2018	10,000			(10,000)			(10,000)			
L.D.E.A. Basic	84.027	H027A150100	IDEA 18	09/01/2017	08/31/2018	63,581		63,581	(63,581)						
L.D.E.A. Preschool	84.173	H173A150114	IDEA 18	09/01/2017	08/31/2018	5,182		5,182	(5,182)						
							-	-	137,905	(164,711)	-	(26,806)	-	-	
							\$ -	-	137,905	(164,711)	-	(26,806)	-	-	

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

TUCKERTON SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program State Department of Education:	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2017	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances/ Adjustments	Balance at June 30, 2018			MEMO	
		From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures
Equalization Aid	18-495-034-5120-078	07/01/2017	06/30/2018	\$ 1,244,469	\$ -		1,244,469	(1,244,469)					123,151	1,244,469
Special Education Aid	18-495-034-5120-089	07/01/2017	06/30/2018	166,602			166,602	(166,602)					16,375	166,602
Security Aid	18-495-034-5120-084	07/01/2017	06/30/2018	51,045			51,045	(51,045)					4,935	51,045
School Choice Aid	18-495-034-5120-068	07/01/2017	06/30/2018	396,920			396,920	(396,920)					39,052	396,920
Transportation Aid	18-495-034-5120-014	07/01/2017	06/30/2018	9,443			9,443	(9,443)					892	9,443
Under Adequacy Aid	18-495-034-5120-096	07/01/2017	06/30/2018	10,056			10,056	(10,056)					897	10,056
Per Pupil Growth Aid	18-495-034-5120-097	07/01/2017	06/30/2018	3,380			3,380	(3,380)					229	3,380
PARCC Readiness	18-495-034-5120-098	07/01/2017	06/30/2018	3,380			3,380	(3,380)					229	3,380
Professional Learning Community Aid	18-495-034-5120-101	07/01/2017	06/30/2018	3,010			3,010	(3,010)					220	3,010
Supplement Enrollment Growth Aid	18-495-034-5120-094	07/01/2017	06/30/2018	390,411			390,411	(390,411)					38,359	390,411
Teachers Pension and Annuity Fund	18-495-034-5094-002	07/01/2017	06/30/2018	445,350			445,350	(445,350)						445,350
Reimbursed TPAF Social Security	18-100-034-5095-002	07/01/2017	06/30/2018	149,823			149,823	(149,823)						149,823
Reimbursed TPAF Social Security	17-100-034-5095-002	07/01/2016	06/30/2017	146,136	(9,470)		9,470							
					(9,470)		2,883,359	(2,873,889)					224,319	2,873,889
Special Revenue:														
Preschool Education Aid	18-495-034-5120-086	07/01/2017	06/30/2018	27,834			27,834	(27,834)					2,725	27,834
							27,834	(27,834)					2,725	27,834
					\$ (9,470)		2,911,193	(2,901,723)					227,044	2,901,723
Less on Behalf TPAF Pension System Contributions								(445,350)						
Total for State Financial Assistance-Major Program Determination								(2,456,373)						

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



**BOARD OF EDUCATION**

K-5

**TUCKERTON SCHOOL DISTRICT****NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2018****NOTE 1: GENERAL**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Tuckerton School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedule of financial assistance are presented using the modified accrual 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(C) to the Board's general-purpose financial statements.

**NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

The general-purpose 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 payments in the current budget year, which is mandated pursuant to P.L. 2003, c.97. (A3521). 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.

Awards and financial assistance revenues are reported in the Board's general-purpose financial statements on a GAAP basis as presented on the following page:

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b><u>State Assistance</u></b>			
Actual Amounts (Budgetary)			
“Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 2,873,889	27,834	2,901,723
Difference – Budget to “GAAP”			
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized			
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	____(5,479)	____405	____(5,074)
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 2,868,410</u>	<u>28,239</u>	<u>2,896,649</u>

**NOTE 3: Relationship to General Purpose Financial Statements (Continued)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b><u>Federal Assistance</u></b>			
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of Federal Awards	\$	164,711	164,711
Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	\$ _____	<u>164,711</u>	<u>164,711</u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5: OTHER**

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 the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

TUCKERTON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

*Part 1 - Summary of Auditor's Results*

**Financial Statement Section**

Unmodified

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes   x   No

2) Reportable conditions(s) identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes   x   None Reported

Noncompliance material to general purpose financial statements noted?

\_\_\_\_\_ Yes   x   No

**Federal Awards**

Not Applicable

**State Awards**

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

  \$750,000  

Auditee qualified as low-risk auditee?

  x   Yes \_\_\_\_\_ No

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

Unmodified

Internal Control over major programs:

(1) Material Weakness(es) identified?

\_\_\_\_\_ Yes   x   No

(2) Reportable condition(s) identified that are not considered to material weaknesses?

\_\_\_\_\_ Yes   x   None Reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 98-07?

\_\_\_\_\_ Yes   x   No

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

18-495-034-5120-078  
18-495-034-5120-089  
18-495-034-5120-084  
18-495-034-5120-096  
18-495-034-5120-014  
18-495-034-5120-097  
18-495-034-5120-098  
18-495-034-5120-101  
18-495-034-5120-068  
18-495-034-5120-094

Equalization Aid - Public Cluster  
Special Education Aid - Public Cluster  
Security Aid - Public Cluster  
Under Adequacy Aid - Public Cluster  
Transportation Aid - Public Cluster  
Per Pupil Growth Aid - Public Cluster  
PARCC Readiness Aid - Public Cluster  
Professional Learning Community Aid - Public Cluster  
School Choice Aid - Public Cluster  
Supplemental Enrollment Growth Aid - Public Cluster

TUCKERTON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

*Part 2 - Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

TUCKERTON SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018*Part 3 - State Awards Financial Assistance Findings and Questioned Costs*

This section identifies audit findings required to be reported by Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08, as amended.

**Federal Awards**

Not Applicable

**State Awards**

Finding: None

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

TUCKERTON SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08.

**Status of Prior Year Findings**

There were none.