

**Alloway Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

ALLOWAY TOWNSHIP SCHOOL DISTRICT

ALLOWAY, NEW JERSEY 08001

**Alloway Township School Board of Education
Alloway, New Jersey 08001**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Alloway Township School Board of Education
Alloway, New Jersey 08001**

For the Fiscal Year Ended June 30, 2019

Prepared by:

**Alloway Township School
Board of Education Administration**

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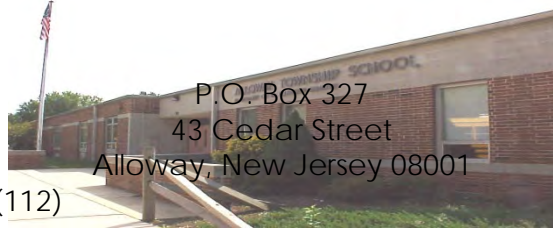
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INTRODUCTORY SECTION

Alloway Township School



P.O. Box 327
43 Cedar Street
Alloway, New Jersey 08001

Phone - 856.935.1627 (112)

Fax - 856.935.3017

KRISTIN B. SCHELL, SUPERINTENDENT

SHANNON DUBOIS-BRODY, BUSINESS ADMINISTRATOR

November 13, 2019

Honorable President and
Members of the Board of Education
Alloway Township School District
43 Cedar Street
Alloway, New Jersey 08001

Dear Board Members:

The comprehensive annual financial report of the Alloway Township School District for the fiscal year ending June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 independent auditor's report, MD&A, and the basic financial statements including the district-wide statements, fund statements, notes to the financial statements, required supplementary information, other than MD&A, including budgetary comparison schedules, and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Alloway Township School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's reports on the internal control and compliance with applicable laws and regulations and findings and recommendations, if any, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The Alloway Township Board of Education and its one school (grades pre-K to 8), constitute the District's reporting entity. We completed the 2018-2019 school year with an average daily enrollment of 357, which is a slight decrease over the previous year.

2) ECONOMIC CONDITIONS AND OUTLOOK

Alloway Township encompasses thirty-four square miles and is experiencing a period of low growth due to lack of jobs in the surrounding area, which is expected to continue with two results: 1) an increased tax base, and 2) a loss of land and the rural aspect, of which Alloway Township is famous. The above figures continue to reflect the economic condition of Alloway.

3) MAJOR INITIATIVES

Alloway Township values its unique heritage and is making revisions in an effort to increase student achievement. Alloway Township School District continues to support quality educational opportunities for all students in a changing community and world. Staff members are committed to provide excellent instruction to prepare our students for their place in the global economy of the 21st century. Curriculum revisions, quality staff development, and implementation of best practices of instruction are in place for the upcoming school year. In response to students' needs, we are focusing on excellence for all students in an effort to increase number of students meeting and exceeding expectations on the PARCC Assessment.

Major initiatives in the district focus on teacher practice for student-centered instruction, tailored programs to meet students' needs, and revisions to various curricula. These initiatives include:

- * Implementation of daily time designated during the school day for enrichment for all students at their level of preparedness. This includes Title 1 supportive services and extended learning for gifted and talented students.
- * Increased use of data to inform instruction.
- * Delivering a balanced literacy program through: guided reading, phonic spelling/word study, Daily 5, shared reading, and writing.
- * Use of rich literature for language arts and digital resources especially in science in social and studies.
- * Expanded visual and performing arts classes for middle school students.
- * Use of PLC's to complete data analysis, determine needed curricular revisions, and enhance professional development.

Beside the traditional courses of study, our students are offered advanced mathematics through Algebra. Elementary students have a special cycle which includes: Spanish, art, music, digital literacy, library, and physical education. Middle school students have two cycle periods for the following courses: Spanish, visual art, performing art, digital literacy, and physical education. Our Basic Skills program has been renamed SOAR and is provided during Tiger Time for K-5 and in-class for grades 6-8 using intervention resources and Title 1 teachers and paraprofessionals.

Community and parental involvement are crucial to the success of our public schools. There are many opportunities available to parents, grandparents, and community members to be active participants in the activities of the school. Classroom teachers welcome volunteers serve as a room parent, read a favorite book, or share their occupation and/or travel experiences with our students. Parent nights, special programs and involvement in the Parent-Teacher Association are some other avenues for participation.

3) MAJOR INITIATIVES (CONTINUED)

Alloway Township residents have been very supportive of advancing education for their students. The community has provided support through a variety of means, not the least of which is our PTA which continually funds programs and activities for students that would not otherwise be possible. The following Mission Statement was developed to guide school personnel, the community, and Board of Education in making educational decisions:

The Mission of the Alloway Township School District is:

- * To provide all students with an equal opportunity to achieve excellence and reach their full potential as lifelong learners.
- * To enable students to meet challenges with courage, conviction, and confidence.
- * To expect that all students shall master the skills stipulated in the New Jersey Student Learning Standards at all grade levels.
- * To provide quality programs through the dedication of committed, skilled teachers and administrators.
- * To maintain a staff of professional educators that supports the New Jersey Student Learning Standards and the New Jersey Standards for Professional Development.
- * To work collaboratively with parents to ensure a safe, orderly, caring, and supportive community for learning.

4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service

5) BUDGETARY CONTROLS (CONTINUED)

Fund. Project-length budgets, though not applicable, would be approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount for the fiscal year is reflected in the financial section.

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

6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds and account groups which are converted from governmental fund balances to net position.

7) DEBT ADMINISTRATION

At June 30, 2019, the District's outstanding debt issues included \$1,220,000 of general obligation bonds. In October 2014, the District issued refunding obligation bonds of 2014 in the amount of \$2,075,000. The proceeds of this bond issue were placed in the District's Capital Projects Fund for use to provide capital improvements to the District's buildings and grounds. These improvements include construction of an addition to the existing school building, upgrades and renovations to existing areas, air conditioning of existing rooms, and the acquisition of school furniture and other equipment as necessary.

8) CASH MANAGEMENT

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

9) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, comprehensive/collision, hazard and theft insurance on property and contents, school board liability, workmen's compensation, and fidelity bonds.

10) OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and the revised *Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS

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

Respectfully submitted,

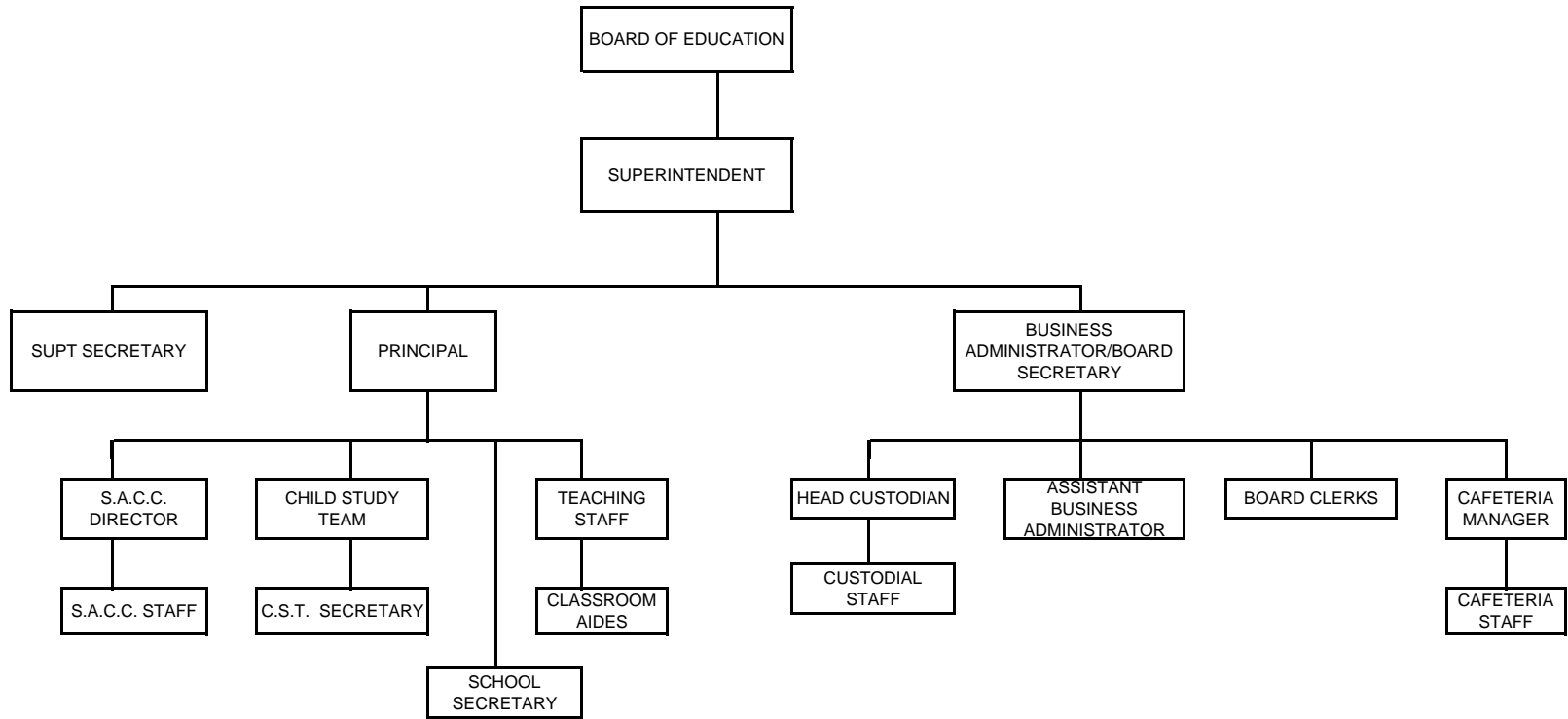
Kristin B. Schell

Kristin B. Schell, Superintendent

Shannon DuBois-Brody

Shannon DuBois-Brody, Business
Administrator/Board Secretary

ALLOWAY TOWNSHIP SCHOOL DISTRICT ORGANIZATIONAL STRUCTURE



**ALLOWAY TOWNSHIP BOARD OF EDUCATION
ALLOWAY, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2019

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES – DECEMBER 31</u>
Richard C. Morris Jr., President	2020
Charles Angelus, Vice President	2021
Elizabeth Cavallaro	2019
Elizabeth Decktor	2019
Philip Donohue	2019
Joseph Fedora	2021
Colleen Fulmer	2020
Jeffrey Hitchner	2021
David Lounsbury	2019

OTHER OFFICIALS

Kristin B. Schell, Superintendent

Shannon DuBois-Brody, Business Administrator/Board Secretary

ALLOWAY TOWNSHIP BOARD OF EDUCATION
Alloway, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Petroni & Associates LLC
Certified Public Accountants
102 West High Street, Suite 100
P.O. Box 279
Glassboro, NJ 08028

ATTORNEY

Frank P. Cavallo, Jr.
Parker McCay P.A.
9000 Midlantic Drive, Suite 300
P.O. Box 5054
Mount Laurel, NJ 08054-1539

OFFICIAL DEPOSITORY

Fulton Bank
48 South Greenwich Street
Alloway, NJ 08001

Century Savings Bank
121 North Main Street
Elmer, NJ 08318

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Alloway Township School District
43 Cedar Street
Alloway, New Jersey 08001

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 Alloway Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the, Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

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

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, Alloway, New Jersey, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alloway Township Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal and state awards, 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 standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial

statements, schedule of expenditures of federal awards, as required Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and the schedule of state financial assistance as required by NJ OMB's Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019, on our consideration of the Alloway Township Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Alloway Township Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 13, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2019
Unaudited**

This section of the Alloway Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter at the beginning of this report and the District's financial statement.

Overview of the Financial Statements

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

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

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

Figure A-1 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2019
Unaudited**

Figure 1: Major Features of the District-wide and Fund Financial Statements

	District-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services is included here	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2019
Unaudited**

District-wide Financial Statements

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

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets and liabilities - are one way to measure the District's overall financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

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

- **Governmental Activities** - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- **Business-type Activities** - The District charges fees to help it cover the costs of certain services it provides. The District's food service program and SACC program would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts or completing approved capital projects) or to show that it is properly using certain revenues (such as federal grants).

The District has four kinds of funds:

- **Governmental Funds** - Most of the District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2019
Unaudited**

Fund Financial Statements (Continued)

- **Proprietary Funds** - Services for which the District charges a fee are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the District-wide statements. In fact, the District's *Enterprise Funds* (one type of Proprietary Fund) are the same as its Business-type Activities, but provide more detail and additional information, such as cash flow.

- **Internal Service Funds** - (the other kind of Proprietary Fund) are optional and utilized to report activities that provide supplies and services for other District programs and activities and for other Districts. The District currently has Internal Service Funds for shared business services, child study team services, and shared superintendent services.

- **Fiduciary Funds** - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2019
Unaudited**

Figure 2: Financial Analysis of the District as a Whole

Alloway Township School District's Net Position						
	2019		2018		Total	
	Governmental	Business- Type	Governmental	Business- Type	2019	2018
ASSETS						
Current and other assets	\$ 1,608,152	\$ 10,195	\$ 1,502,962	\$ 3,774	\$ 1,618,347	\$ 1,506,736
Capital assets	5,185,190	20,770	5,397,535	23,485	5,205,960	5,421,020
Total assets	6,793,342	30,965	6,900,497	27,259	6,824,307	6,927,756
DEFERRED OUTFLOWS OF RESOURCES						
Loss on refunding bond issue	37,883		44,561		37,883	
Deferred outflows related to pension	52,324		242,794		52,324	242,794
Total deferred outflows of resources	90,207		287,355		90,207	242,794
LIABILITIES						
Current liabilities	36,270		28,453	1,979	36,270	30,432
Noncurrent liabilities	1,314,728	3,495	1,539,013	4,320	1,318,223	1,543,333
Net pension liability	1,035,747		1,738,103		1,035,747	1,738,103
Total liabilities	2,386,745	3,495	3,305,569	6,299	2,390,240	3,311,868
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	632,471		130,217		632,471	130,217
	632,471		130,217		632,471	130,217
NET POSITION						
Invested in capital assets, net of related debt	3,993,452	20,770	3,999,675	23,485	4,014,222	4,023,160
Restricted	1,509,702		1,448,375		1,509,702	1,448,375
Unrestricted	(1,638,821)	4,692	(1,695,984)	(2,525)	(1,634,129)	(1,698,509)
Total net position	\$ 3,864,333	\$ 25,462	\$ 3,752,066	\$ 20,960	\$ 3,889,795	\$ 3,773,026

Net Position - The District's combined total assets are \$6,824,307 on June 30, 2019, (See Exhibit A-1). Approximately .45% of the total assets are from Business-type Activities, while the balance of the total net position is 99.55%, attributable to Governmental Activities.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2019
Unaudited**

Figure 2: Financial Analysis of the District as a Whole

	Changes in Net Position					
	2019		2018		Total	
	Governmental	Business- Type	Governmental	Business- Type	2019	2018
REVENUES:						
Program revenues						
Charges for services	\$ 352,728	\$ 115,747	\$ 342,000	\$ 121,928	\$ 468,475	\$ 463,928
Operating grants and contributions	260,129	39,076	275,950	44,152	299,205	320,102
General revenues						
Property taxes	4,202,450		4,136,349		4,202,450	4,136,349
Grants and entitlements	5,437,770		4,612,519		5,437,770	4,612,519
Other	71,354		119,823		71,354	119,823
Total revenues	<u>10,324,431</u>	<u>154,823</u>	<u>9,486,641</u>	<u>166,080</u>	<u>10,479,254</u>	<u>9,652,721</u>
EXPENSES:						
Instruction-related	2,374,916		2,395,315		2,374,916	2,395,315
Student support services	3,457,933		3,179,336		3,457,933	3,179,336
General administration	340,985		282,131		340,985	282,131
School administration	76,812		82,866		76,812	82,866
Central services	375,656		364,556		375,656	364,556
Administrative information technology			420			420
Plant operations & maintenance	375,662		330,187		375,662	330,187
Pupil transportation	452,875		411,379		452,875	411,379
Employee benefits	2,414,390		2,581,530		2,414,390	2,581,530
Interest on debt	41,140		48,241		41,140	48,241
Food service		120,699		142,890	120,699	142,890
Unallocated depreciation	261,202		262,082		261,202	262,082
Other	35,593	34,622	35,593	48,698	70,215	84,291
Total expenses	<u>10,207,164</u>	<u>155,321</u>	<u>9,973,636</u>	<u>191,588</u>	<u>10,362,485</u>	<u>10,165,224</u>
Transfers	(5,000)	5,000	(17,500)	17,500		
Increase (decrease) in net position	<u>\$ 112,267</u>	<u>\$ 4,502</u>	<u>\$ (504,495)</u>	<u>\$ (8,008)</u>	<u>\$ 116,769</u>	<u>\$ (512,503)</u>

Changes in Net Position - The District's total revenues are \$10,479,254 for the fiscal period ended June 30, 2019, (See Exhibit A-2). The revenue breakout for all funds is as follows: Property taxes 40.1%, grants and entitlements 51.9%, and the remainder 8% from fees charged for services and miscellaneous resources.

The District's predominant expenses are related to instruction and student support services which is approximately 56.29%. Administrative & Business departments accounts for 7.66%. Another 3.63% is related to Maintenance & Operations. Transportation expenses make up 4.37% of the District's expenses. Employee benefits make up 23.3% of the District's expenses and interest on debt service accounts for .39%. Depreciations accounts for 2.52% and Proprietary Funds such as food service and childcare and all other accounts for 1.84%.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2019
Unaudited**

Governmental Activities

Revenues for governmental activities were \$10,324,431, while total expenses amounted to \$10,207,164 and a transfer of \$5,000 to food service (See Exhibit A-2). This resulted in an increase in net position in Governmental Activities of \$112,267 compared to (\$504,495) for 2018.

Overall, the District's financial position can be credited to increased revenue and controlling expenses due to the impending state budget crisis, and the District securing grants to supplement local and state funding.

Business-type Activities

Revenues of the District's Business-type Activities (food and nutrition services and after school child-care) were comprised of charges for services, federal and state reimbursements, and investment earnings:

- Business-type Activities expenditures exceeded revenues by \$4 ,502.
- Charges for services represent \$115,747 of revenue. This represents amounts paid by patrons.
- Federal and state reimbursements include payments for free & reduced lunches and special milk and donated commodities were \$39,076.

Financial Analysis of the District's Funds

The strong financial performance of the District as a whole is primarily reflected in its Governmental Funds. As the District completed the year, its Governmental Funds reported combined fund balances of \$1,518,933 (See Exhibit B-1). The District also controlled expenditures. Fund balance had an increase of \$79,184 over the prior year.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Transfers of available funds into the capital account.
- Transfers between budgetary line accounts to prevent overruns.

The District's final budget anticipated utilizing \$422,767 in fund balance, prior year encumbrances rolled forward to FY 2019 of \$0 decreased by a budgeted interest on capital reserve of \$1,500 for this fiscal period. Due to the impending State budget crisis, actual expenditures in the fiscal year was minimized, there was an increase of \$79,184 in fund balance (See Exhibit B-2).

Capital Assets

The Alloway Township School District's investment in capital assets for its Governmental and Business-type Activities as of June 30, 2019, amounted to \$5,205,970 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and furniture (more detailed information about capital assets can be found in Note 6 to the financial statements).

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2019
Unaudited**

Capital Assets (Continued)

	2019		2018		Total	
	Governmental	Business- Type	Governmental	Business- Type	2019	2018
Land	\$ 153,751		\$ 153,751		\$ 153,751	\$ 153,751
Site improvements	25,208		29,277		25,208	29,277
Buildings	4,913,425		5,127,322		4,913,425	5,127,322
Machinery & equipment	92,816	\$ 20,770	87,185	\$ 23,485	113,586	110,670
Total	\$ 5,185,200	\$ 20,770	\$ 5,397,535	\$ 23,485	\$ 5,205,970	\$ 5,421,020

Long-Term Debt

At year-end, the District had \$1,220,000 in General Obligation Bonds and other long-term debt outstanding. During fiscal year 2004-2005, the District sold \$3.4 million in general obligation bonds to help finance facilities construction and improvements throughout the District. These bonds were refunded on October 16, 2014.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- State Formula Aid for the FY 2020 had a reduction of change \$79,044.
- The District's special revenue is an unpredictable revenue source. The District avails itself of every grant opportunity to increase educational opportunities for the students.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Shannon DuBois-Brody, Business Administrator/Board Secretary, Alloway Township School District, P.O. Box 327, 43 Cedar Street, Alloway, NJ 08001.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Totals FY 2019
ASSETS			
Cash and cash equivalents	\$ 810,990	\$ 6,991	\$ 817,981
Receivables, net	326,183	1,499	327,682
Inventory		1,705	1,705
Restricted assets:			
Capital reserve account - cash	470,978		470,978
Cash and cash equivalents	1		1
Capital assets			
Non-depreciable assets	153,751		153,751
Assets net of depreciation	5,031,439	20,770	5,052,209
Total assets	<u>6,793,342</u>	<u>30,965</u>	<u>6,824,307</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding bond issue	37,883		37,883
Deferred outflows related to pension	52,324		52,324
Total deferred outflows of resources	<u>90,207</u>		<u>90,207</u>
LIABILITIES			
Accounts payable	26,649		26,649
Accrued interest	9,621		9,621
Noncurrent liabilities:			
Due within one year	210,000		210,000
Due beyond one year	1,104,728	3,495	1,108,223
Net pension liability	1,035,747		1,035,747
Total liabilities	<u>2,386,745</u>	<u>5,503</u>	<u>2,392,248</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	632,471		632,471
Total deferred inflows of resources	<u>632,471</u>		<u>632,471</u>
NET POSITION			
Invested in capital assets, net of related debt	3,993,452	20,770	4,014,222
Restricted for:			
Debt service	1		1
Capital projects	494,735		494,735
Other purposes	1,014,966		1,014,966
Unrestricted	(1,638,821)	4,692	(1,634,129)
Total net position	<u>\$ 3,864,333</u>	<u>\$ 25,462</u>	<u>\$ 3,889,795</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 1,764,446			\$ (1,764,446)		\$ (1,764,446)
Special education	524,234		\$ 192,726	(331,508)		(331,508)
Other special education	76,124			(76,124)		(76,124)
Other instruction	10,112			(10,112)		(10,112)
Support services:						
Student & instructional related services	3,457,933	\$ 139,500	30,879	(3,287,554)		(3,287,554)
General administration	340,985			(340,985)		(340,985)
School administrative services	76,812			(76,812)		(76,812)
Central services	375,656	213,228		(162,428)		(162,428)
Plant operations & maintenance	375,662			(375,662)		(375,662)
Pupil transportation	452,875			(452,875)		(452,875)
Employee benefits	2,414,390		36,524	(2,377,866)		(2,377,866)
Interest on long-term debt	41,140			(41,140)		(41,140)
Capital outlay	35,593			(35,593)		(35,593)
Unallocated depreciation	261,202			(261,202)		(261,202)
Total Governmental activities	10,207,164	352,728	260,129	(9,594,307)		(9,594,307)
Business-type activities:						
Food service	120,699	71,606	39,076		\$ (10,017)	(10,017)
Other activities	34,622	44,141			9,519	9,519
Total business-type activities	155,321	115,747	39,076		(498)	(498)
Total primary Government	\$ 10,362,485	\$ 468,475	\$ 299,205	\$ (9,594,307)	\$ (498)	\$ (9,594,805)
General revenues:						
Taxes:						
Property taxes, levied for general purpose, net				\$ 3,955,188		\$ 3,955,188
Taxes levied for debt service				247,262		247,262
Federal and state aid not restricted				5,437,770		5,437,770
Tuition charges				14,666		14,666
Transportation charges				27,065		27,065
Investment earnings				8,577		8,577
Miscellaneous income				21,046		21,046
Operating transfer				(5,000)	\$ 5,000	
Total general revenues, special items, extraordinary items, and transfers				9,706,574	5,000	9,711,574
Change in net position				112,267	4,502	116,769
Net position - beginning				(15,575,720)	20,960	(15,554,760)
Prior period adjustment of OPEB liability				19,327,786		19,327,786
Restated net position at the beginning of the year				3,752,066	20,960	3,773,026
Net position - end				\$ 3,864,333	\$ 25,462	\$ 3,889,795

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals FY 2019
ASSETS					
Cash and cash equivalents	\$ 914,474	\$ 22,358		\$ 1	\$ 936,833
Receivables from other governments	114,014		\$ 212,169		326,183
Restricted cash and cash equivalents	470,978				470,978
Total assets	<u>\$ 1,499,466</u>	<u>\$ 22,358</u>	<u>\$ 212,169</u>	<u>\$ 1</u>	<u>1,733,994</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft			\$ 188,412		188,412
Accounts payable	\$ 4,291	\$ 22,358			26,649
Total liabilities	<u>4,291</u>	<u>22,358</u>	<u>188,412</u>		<u>215,061</u>
Fund balances:					
Restricted for:					
Excess surplus - current year	438,332				438,332
Excess surplus - prior-year - designated for subsequent year's expenditures	487,937				487,937
Capital reserve	470,978				470,978
Capital projects			23,757		23,757
Debt service				\$ 1	1
Assigned to:					
Other purposes	70				70
Designated by the BOE for subsequent year's expenditures	88,627				88,627
Unassigned:					
General fund	9,231				9,231
Total fund balances	<u>1,495,175</u>		<u>23,757</u>	<u>1</u>	<u>1,518,933</u>
Total liabilities and fund balances	<u>\$ 1,499,466</u>	<u>\$ 22,358</u>	<u>\$ 212,169</u>	<u>\$ 1</u>	

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2019

	<u>FY 2019</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 assets is \$10,537,693 and the accumulated depreciation is \$5,352,503 (See Note 6).	\$ 5,185,190
Internal Service Funds are used by management to charge the costs of certain activities, such as business services and food service to other governments. Assets and liabilities of the internal service funds of \$62,709, less \$139, which represents food service assets and are included in Business-type Activities, in the Statement of Net Position.	62,570
Net pension liability adjustment for GASB Statement No. 68 and 71	(1,615,894)
Deferred bond issuance costs are expenses in Governmental Funds in the year the bonds are issued, but are capitalized in the Statement of bonds are issued, but are capitalized in the Statement of Net Position.	37,883
Interest on long-term debt is in the Statement of Activities is accrued, regardless of when due.	(9,621)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(1,314,728)
Net position of Governmental Activities	<u>\$ 3,864,333</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals FY 2019
REVENUES:					
Local sources					
Local tax levy	\$ 3,955,188			\$ 247,262	\$ 4,202,450
Tuition charges	14,666				14,666
Transportation charges	27,065				27,065
Interest earned on investments	6,878				6,878
Interest earned on capital reserve funds	1,699				1,699
Miscellaneous	21,046	\$ 3,539			24,585
	<u>4,026,542</u>	<u>3,539</u>		<u>247,262</u>	<u>4,277,343</u>
State sources	4,736,353				4,736,353
Federal sources		256,590			256,590
Total revenues	<u>8,762,895</u>	<u>260,129</u>		<u>247,262</u>	<u>9,270,286</u>
EXPENDITURES:					
Current:					
Regular instruction	1,765,083				1,765,083
Special education instruction	330,743	192,726			523,469
Other special instruction	75,922				75,922
Other instruction	10,112				10,112
Support services & undistributed costs:					
Student & instruction related services	3,296,501	30,879			3,327,380
General administration	340,985				340,985
School administrative services	76,812				76,812
Central services	183,485				183,485
Plant operations and maintenance	375,662				375,662
Pupil transportation	452,875				452,875
Employee benefits	1,686,081	36,524			1,722,605
Debt service:					
Principal				210,000	210,000
Interest and other charges				37,262	37,262
Capital outlay	84,450				84,450
Total expenditures	<u>8,678,711</u>	<u>260,129</u>		<u>247,262</u>	<u>9,186,102</u>
Excess (deficiency) of revenues over expenditures	<u>84,184</u>				<u>84,184</u>
Other financing sources (uses):					
Operating transfers:					
Transfer to food service - board contribution	(5,000)				(5,000)
Total other financing sources (uses)	<u>(5,000)</u>				<u>(5,000)</u>
Net change in fund balances	79,184				79,184
Fund balance - July 1	1,415,991		\$ 23,757	1	1,439,749
Fund balance - June 30	<u>\$ 1,495,175</u>		<u>\$ 23,757</u>	<u>\$ 1</u>	<u>\$ 1,518,933</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2019

Total net change in fund balances - Governmental Funds (from B-2)	\$	79,184
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 outlays	\$	48,857
Depreciation expense	<u>(261,202)</u>	(212,345)
Repayment of debt 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.		
Bond principal payments		210,000
Governmental Funds report the effect of issuance costs and similar items when debt is first issued whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.		
		(6,678)
In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		
		2,800
Pension contributions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.		
		9,632
Internal Service Funds are used by management to charge the costs of certain activities, such as shared business services and child study team consortium. The operating income \$15,389, is included in the Governmental Activities and Statement of Net Position (see Exhibit G-5).		
		15,389
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.		
		<u>14,285</u>
Change in net position of Governmental Activities.	<u>\$</u>	<u>112,267</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities		Totals FY 2019	Governmental Activities - Internal Service Fund
	Food Service Fund	Other Funds		
ASSETS				
Current assets:				
Cash and cash equivalents		\$ 13,469	\$ 13,469	\$ 62,709
Accounts receivable:	\$ 1,449	50	1,499	
Inventory	1,705		1,705	
Total current assets	3,154	13,519	16,673	62,709
Noncurrent assets:				
Furniture, machinery & equipment	64,345		64,345	
Less: accumulated depreciation	(43,575)		(43,575)	
Total non-current assets	20,770		20,770	
Total assets	23,924	13,519	37,443	\$ 62,709
LIABILITIES				
Intergovernmental accounts payable				
Cash overdraft	6,617		6,617	
Unearned income	1,895	113	2,008	
Compensated absences	3,495		3,495	
Total liabilities	12,007	113	12,120	
NET POSITION				
Invested in capital assets net of related debt	20,770		20,770	
Unrestricted	(8,853)	13,406	4,553	\$ 62,709
Total net position	\$ 11,917	\$ 13,406	\$ 25,323	\$ 62,709

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2019

	Business-type Activities Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Activities	Totals FY 2019	
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs	\$ 45,304		\$ 45,304	
Daily sales non-reimbursable programs	26,302		26,302	
Other charges and fees				\$ 352,728
Community service activities		\$ 44,141	44,141	
Total operating revenue	71,606	44,141	115,747	352,728
OPERATING EXPENSES:				
Salaries	46,770	29,534	76,304	257,791
Employee benefits	18,915	2,925	21,840	77,302
Purchased professional/technical services	2,735		2,735	
Other purchased services (400-500 series)		600	600	1,434
Supplies and materials	256	1,545	1,801	46
Cost of sales - reimbursable	40,063		40,063	
Cost of sales - non-reimbursable	9,057		9,057	
Miscellaneous other expenses	188	18	206	766
Depreciation	2,715		2,715	
Total operating expenses	120,699	34,622	155,321	337,339
Operating income (loss)	(49,093)	9,519	(39,574)	15,389
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - state	1,185		1,185	
Federal sources:				
National school lunch program	29,186		29,186	
Special milk program	125		125	
Food distribution program	8,580		8,580	
Total non-operating revenues (expenses)	39,076		39,076	
Income (loss) before operating transfers	(10,017)	9,519	(498)	15,389
Net income (loss) before operating transfers	(10,017)	9,519	(498)	15,389
Other financing sources:				
Board contribution	5,000		5,000	
Net income (loss)	(5,017)	9,519	4,502	15,389
Total net position - beginning	16,934	3,887	20,821	47,320
Total net position - ending	\$ 11,917	\$ 13,406	\$ 25,323	\$ 62,709

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Activities	Totals FY 2019	
Cash flows from operating activities:				
Receipts from customers	\$ 73,189	\$ 44,344	\$ 117,533	\$ 352,728
Payments to suppliers	(43,961)	(2,163)	(46,124)	(2,246)
Payments to employees	(47,595)	(29,534)	(77,129)	(257,791)
Payments for employee benefits	(18,915)	(2,925)	(21,840)	(77,302)
Net cash provided (used) by operating activities	<u>(37,282)</u>	<u>9,722</u>	<u>(27,560)</u>	<u>15,389</u>
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	31,530		31,530	
Board contribution	5,000		5,000	
Net cash provided by non-capital financing activities	<u>36,530</u>		<u>36,530</u>	
Net increase in cash & cash equivalents	(752)	9,722	8,970	15,389
Cash and cash equivalents - July 1	(5,865)	3,747	(2,118)	47,320
Cash and cash equivalents - June 30	<u>\$ (6,617)</u>	<u>\$ 13,469</u>	<u>\$ 6,852</u>	<u>\$ 62,709</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (49,093)	\$ 9,519	\$ (39,574)	\$ 15,389
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	2,715		2,715	
Food distribution program	8,580		8,580	
Change in assets and liabilities:				
Increase (decrease) in accts. receivable	(312)	90	(222)	
(Increase) decrease in inventory	(242)		(242)	
Increase (decrease) in deferred revenue	1,895	113	2,008	
Increase in compensated absences	(825)		(825)	
	<u>\$ (37,282)</u>	<u>\$ 9,722</u>	<u>\$ (27,560)</u>	<u>\$ 15,389</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$ 44,532
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Total assets	\$ 44,532
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LIABILITIES

Current liabilities:

Due to student groups	\$ 20,657
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Payroll deductions and withholdings	23,875
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Total current liabilities	\$ 44,532
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See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Alloway Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

The more significant accounting policies established in (GAAP) and used by the District are discussed below.

A. Reporting Entity

The Alloway Township School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8.

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

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

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

B. Government-wide Statements

The School District's basic financial statements include both Government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the Government-wide and fund financial statements categorize primary activities as either Governmental or Business-type. The District's general, special revenue, capital projects, and debt service are classified as Governmental Activities. The District's food service and childcare programs are classified as Business-type Activities.

In the Government-wide Statement of Net Position, both the Governmental and Business-type Activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide Statements (Continued)

as well as long-term debt and obligations. The District's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and Business-type Activities (food service and childcare). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating, and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or Business-type Activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or Business-type Activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as depreciation expense, on-behalf of Teachers' Pensions and Annuity Fund (TPAF) Pension contributions, and TPAF Social Security Contributions.

The Government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The Government-wide statements do not include fiduciary activity.

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The District reports the following Governmental Funds:

GOVERNMENTAL FUNDS

The focus of the Governmental Funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District.

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

As required by the New Jersey State Department of Education, the District included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

General Fund (Continued) - outlays for long-lived improvements, as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings, and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from state and federal governments, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

PROPRIETARY FUNDS

The focus of the Proprietary Funds measurement is upon the determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following are descriptions of the Proprietary Funds of the District:

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

The District's Enterprise Funds are comprised of the Food Service Fund and Child Care.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments and, therefore, not available to support District programs. The reporting focus is on net position. Changes in net position are reported using accounting principles similar to Proprietary Funds.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Fund Financial Statements (Continued)
FIDUCIARY FUNDS (CONTINUED)**

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type Activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's Fiduciary Funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the Government-wide statements.

The Fiduciary Funds include Student Activity Fund, Payroll, and Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It also related to the timing of the measurement made regardless of the measurement focus applied.

Both Governmental and Business-type Activities in the Government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims, and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

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

E. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts, 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. U.S. Treasury agency obligations and

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents (Continued)

certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For purposes of determining cash equivalents, the District considers all investments with an original maturity of three months or less as cash equivalents.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of 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.

NJSA 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks), and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in, first-out method. Inventory in the Food Service Fund at June 30, 2019, consisted of the following:

Food - commodities	\$	1,451
Food		254
	\$	<u>1,705</u>

The value of federal donated commodities as reflected in Schedule A (required by Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical costs or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed using the straight-line method over the estimated useful lives:

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site improvements	15-20
Building & improvements	20-50
Machinery & equipment	5-20

GASB No. 34 requires the District to report and depreciate new infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The District has included infrastructure assets in the current fiscal year.

H. Revenues

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and 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." Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

I. Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

J. Compensated Absences

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

In Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liability, in the fund, that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide financial statements as a Governmental Activity.

In Proprietary and similar Trust Funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Receivables/Payables

Transfers between Governmental and Business-type Activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the enterprise fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Assets, except for amounts due between governmental and business-type activities or Governmental and Agency Funds, which are presented as internal balances.

L. Accrued Salaries and Wages

None of the School District's employees who provide services to the District over the ten month academic year have the option to have their salaries evenly disbursed during the entire twelve month year.

M. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the county office for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. 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 NJAC 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Budgets/Budgetary Control (Continued)

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

N. 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 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.

O. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

P. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, Governmental Fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources; are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Q. Allocation of Indirect Expenses

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

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Extraordinary and Special Items

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

S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

T. Net Position

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

U. Fund Balance Reserves

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:

Non-spendable - The non-spendable 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) it employed to previously commit those amounts.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance Reserves (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.

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 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 an expenditure is incurred for purposes for which both Restricted and Unrestricted Fund balances are available, the District considers Restricted Funds to have been spent first. When an expenditure is incurred for which Committed, Assigned, or Unassigned Fund balances are available, the District considers amounts to have been spent first out of Committed Funds, then Assigned Funds, and finally Unassigned Funds, as needed.

V. Recent Accounting Pronouncements Not Yet Effective

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This Statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." This Statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." This Statement is effective for fiscal periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61." This Statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." This Statement, which is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the District's financial reporting.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2019 and 2018, was \$1,333,492 and \$1,234,391. As of June 30, 2019 and 2018, \$0 of the District's bank balance of \$1,522,176 and \$1,339,594, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2019 and 2018, the District did not have any investments.

Interest Rate Risk - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk - NJSA 18A:20-37 limits District investments to those specified in the statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; Government money market mutual funds; the State of New Jersey Cash Management Plan; local Government investment pools; or repurchase of fully collateralized securities.

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

NOTE 4: RECEIVABLES

Receivables at June 30, 2019, (see Exhibit B-1 and B-4) consisted of Intergovernmental receivables. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	\$ 326,183	\$ 44
Other		362
Federal aid		1,093
	\$ 326,183	\$ 1,499

NOTE 5: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education by inclusion of \$5,000 on September 28, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5: CAPITAL RESERVE ACCOUNT (CONTINUED)

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual

General Fund budget certified for taxes or by transfer by board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The June 30, 2019, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2018	\$ 513,914
Interest earnings	1,699
Withdrawals - Board resolution	<u>(44,635)</u>
Ending balance, June 30, 2019	<u><u>\$ 470,978</u></u>

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2019.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2018	Additions	Disposals/ Adjustments	Balance June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Sites (land)	\$ 153,751			\$ 153,751
Total capital assets not being depreciated	<u>153,751</u>			<u>153,751</u>
Site improvements	131,103			131,103
Building & building improvements	9,646,609	\$ 29,249		9,675,858
Machinery & equipment	557,373	19,608		576,981
Totals at historical cost	<u>10,335,085</u>	<u>48,857</u>		<u>10,383,942</u>
Less: accumulated depreciation for:				
Site improvements	(101,826)	(4,069)		(105,895)
Building & building improvements	(4,519,287)	(243,156)		(4,762,443)
Machinery & equipment	(470,188)	(13,977)		(484,165)
Total accumulated depreciation	<u>(5,091,301)</u>	<u>(261,202)</u>		<u>(5,352,503)</u>
Governmental activities capital assets, net	<u>\$ 5,397,535</u>	<u>\$ (212,345)</u>	<u>None</u>	<u>\$ 5,185,190</u>
Business-type activities:				
Machinery & equipment	\$ 64,345			\$ 64,345
Less: accumulated depreciation	(40,860)	\$ (2,715)		(43,575)
Business-type capital assets, net	<u>\$ 23,485</u>	<u>\$ (2,715)</u>	<u>None</u>	<u>\$ 20,770</u>

Depreciation was charged as an unallocated expense since it could not be specifically identified to one program/function for governmental activities.

NOTE 7: GENERAL LONG-TERM DEBT

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

Permanently funded debt as of June 30, 2019, consisted of the following:

\$2,075,000 Refunding Bonds of 2014 dated October 16, 2014, payable in annual installments through March 1, 2025. Interest is paid semi-annually at an interest rate from 2% to 4%. The remaining balance as of June 30, 2019, was \$1,220,000.

Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2019, are as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Compensated absences	\$ 109,013	\$ 1,507	\$ 15,792	\$ 94,728	
Bonds payable	1,430,000		210,000	1,220,000	\$ 215,000
	<u>\$ 1,539,013</u>	<u>\$ 1,507</u>	<u>\$ 225,792</u>	<u>\$ 1,314,728</u>	<u>\$ 215,000</u>

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Bonds Payable

Principal and interest due on serial bonds outstanding are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 215,000	\$ 28,863	\$ 243,863
2021	210,000	24,563	234,563
2022	205,000	20,363	225,363
2023	200,000	15,238	215,238
2024	195,000	10,238	205,238
2025	195,000	5,119	200,119
	<u>\$ 1,220,000</u>	<u>\$ 104,382</u>	<u>\$ 1,324,382</u>

Bonds Authorized But Not Issued

As of June 30, 2019, the Board has \$0 of bonds authorized but not issued.

Advanced Refunding

On October 16, 2014, the District issued Refunding School Bonds in the amount of \$2,075,000, with interest rates varying from 2% to 4% to advance refund the school bonds, term series 2005 in the amount of \$1,996,000, with interest rates varying from 4% to 4.25%. After paying issuance costs, the net proceeds were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called. The school bonds, term series 2005 were called for redemption on March 1, 2016. The advance refunding met the requirements for an in-substance debt defeasance and the bonds were removed from the District's financial statements. As a result of the advance refunding, the District recognized an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$107,798.

Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage. Earnings in excess of the yield on the debt issue are rebated to the federal government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

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

For the year ended June 30, 2019, it is not necessary for the Board to establish a liability for arbitrage rebate.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Other (Continued)

Compensated absences are recorded as long-term liabilities due in more than one year.

NOTE 8: PENSION FUNDS/LIABILITY

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System, (PERS), or Teachers' Pension and Annuity Fund (TPAF) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 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. The TPAF and the PERS provide for employee contributions of 7.34% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in the PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8: PENSION FUNDS (CONTINUED)

Funding Policy (Continued) - The District's contributions to the PERS for the years ending June 30, 2019, 2018, and 2017, were \$52,324, \$69,170, and \$63,148, respectively, equal to the contributions requested for each year. The School District's share of the TPAF for normal contributions, post-retirement medical benefits, and life insurance premiums for the years ending June 30, 2019, 2018, and 2017, were \$711,732, \$633,449, and \$581,144, respectively, paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year.

Also, in accordance with NJSA 18A:66-66, the State of New Jersey reimbursed the District for the years ending June 30, 2019, 2018, and 2017; \$182,266, \$185,035, and \$178,539, for the employer's share of Social Security contributions for the TPAF members, as calculated on their base salaries. This amount has been included in the financial statements and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

The Board's total payroll for the years ending June 30, 2019, 2018, and 2017, was \$3,377,830, \$3,451,386, and \$3,445,290; covered payroll was \$2,689,046, \$2,735,077, and \$2,668,119 for the TPAF and \$382,756, \$409,937, and \$437,183 for the PERS.

For the year ended June 30, 2019, the District recognized pension expense of \$42,692. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		\$ 288,268
Net difference between expected and actual experience		9,841
Net difference between projected and actual earnings on pension plan investments		9,396
Changes in proportion and differences between District contributions and proportionate share of contributions		324,966
District contributions subsequent to the measurement date	\$ 52,324	
	\$ 52,324	\$ 632,471

\$52,324 reported as deferred outflows of resources related to pensions, resulting from school district contributions, subsequent to the measurement date (i.e. for the school year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8: PENSION FUNDS (CONTINUED)

Funding Policy (Continued)

Year Ended June 30,	Amount
2020	\$ (84,929)
2021	(98,805)
2022	(185,561)
2023	(179,084)
2024	(84,092)
Thereafter	0
	<u>\$ (632,471)</u>

Additional information – Collective balances at June 30, 2018 and 2017, are as follows:

	June 30, 2018	June 30, 2017
Collective deferred outflows of resources	\$ 4,684,852,302	\$ 6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	<u>19,689,501,539</u>	<u>23,278,401,588</u>
District's proportion	0.0052604000%	0.0074665919%

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial, not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions for the years ending June 30, 2019, 2018, and 2017, were \$4,895, \$7,692, and \$4,938, for covered employees. The District also contributed for life and disability insurance.

NOTE 9: LABOR CONTRACTS

As of June 30, 2019, the District's teachers, school nurses, LDT-C, social workers, guidance counselors, and psychologists are organized in the Alloway Education Association collective bargaining unit which expired June 30, 2019.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10: DEFERRED COMPENSATION

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

Voya	Lincoln Investment Planning, Inc.
Equitable Life Insurance	MetLife

NOTE 11: POSTEMPLOYMENT BENEFITS

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State’s pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State’s contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year’s \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the remeasured total OPEB liability in Fiscal Year 2017.

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.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11: POSTEMPLOYMENT BENEFITS (CONTINUED)

Total Non-Employer OPEB Liability

The State of New Jersey, 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 School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. 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. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2019 was \$15,596,900. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability. Note that actual numbers will be published in the NJ State's CAFR at: <https://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2018, actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Differs by pension group (e.g. - PERS, TPAF) See Actuarial Assumptions in the Notes to Required Supplementary Information - Note 4
Discount rate	3.87%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 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-2006 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, 2017, valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013 for the TPAF, PERS, and PFRS, respectively.

The below table summarizes the changes in the Total OPEB liability reported by the State of New Jersey:

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11: POSTEMPLOYMENT BENEFITS (CONTINUED)

	Total OPEB Liability
Balance at June 30, 2017	\$ 53,639,841,858
Changes for the year:	
Service cost	1,984,642,729
Interest	1,970,236,232
Changes of benefit terms	-
Differences between expected and actual experience	(5,002,065,740)
Changes in assumptions or other inputs	(5,291,448,855)
Contributions - Member	42,614,005
Benefit payments	(1,232,987,247)
	(7,529,008,876)
Net changes	(7,529,008,876)
Balance at June 30, 2018	\$ 46,110,832,982

There were no changes in benefit terms from 2017 to 2018.

Changes in assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017 to 3.87% in 2018.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate -

The State's proportionate share of the total non-employer OPEB liability as of June 30, 2018, associated with the School District using a discount rate of 3.87%, as well as using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current discount rate.

	2.87%	3.87%	4.87%
Total OPEB Liability (School Retirees)	\$ 18,438,831	\$ 15,596,900	\$ 13,338,041

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Cost

Trend Rates - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2018, associated with the School District, using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 15,451,396	\$ 15,596,900	\$ 21,537,870

Additional information – Collective balances at June 30, 2018 and 2017, are as follows:

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11: POSTEMPLOYMENT BENEFITS (CONTINUED)

	June 30, 2018	June 30, 2017
Collective deferred outflows of resources	\$ 1,377,313,892	\$ 99,843,255
Collective deferred inflows of resources	16,189,378,926	6,443,612,287
Collective OPEB Expense	2,129,660,368	3,348,490,523
District's proportion	0.03%	0.02%

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

For the fiscal year ended June 30, 2019, the Board of Education recognized \$701,417 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense associated with the School District. This expense and revenue were based on the OPEB Plan's June 30, 2018, measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (4,476,086,167)
Changes of assumptions or other inputs		(10,335,978,867)
Total	None	\$ (14,812,065,034)

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

Year Ended June 30,	
2019	\$ (1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	(5,685,972,069)
	\$ (14,812,065,034)

NOTE 12: COMPENSATED ABSENCES

The District accounts for compensated absences using the termination method (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 that are attributable to services already rendered and that are not contingent on a specific event

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12: COMPENSATED ABSENCES

that is outside the control of the District and its employees, is accrued as the 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 policies. The District's policy permits employees to accumulate 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 District's agreements with the various employee unions. The District uses the vesting method to record the liability.

For the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components; (1) the amount due within one year and (2) the amount due in more than one year. The liability for compensated absences in the Governmental Fund at June 30, 2019, is \$94,728. The liability for compensated absences in the Food Service Fund at June 30, 2019, is \$3,495.

NOTE 13: EMPLOYEE BENEFITS

The District established and maintains a cafeteria plan for health benefits required by NJSA 18A:16-19.1 as amended by P.L. 2011, c.78, s.51. The District entered into a pre-tax benefits plan with AFLAC. The medical care reimbursement plan maximum amount for tenured staff as of July 1, 2011, was \$1,000 and \$525 for non-tenured staff.

NOTE 14: RISK MANAGEMENT

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

Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2019, the District did not incur claims in excess of their coverage.

The District is a member of the New Jersey School Boards Association Insurance Group - ERIC – South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases, and related services for members and their employees for the following:

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 15: FUND BALANCE APPROPRIATED

Restrictions of fund balances of Governmental Funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned, and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the General Fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2019.

Restricted Fund Balance:

Capital Reserve Account - Of the \$470,978 balance in the capital reserve account at June 30, 2019, \$0 has been designated for utilization in the 2019-2020 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long-range facilities plan.

Maintenance Reserve Account - The District had no maintenance reserve account at June 30, 2019. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (NJSA 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

Excess Surplus - At June 30, 2019, excess surplus created in FY 2018 of \$487,937 will be utilized for expenditures in the 2019-2020 budget, while excess surplus created in FY 2019 of \$438,332 is restricted and will be utilized for budget expenditures in 2020-2021.

Debt Service Fund - At June 30, 2019, there was \$1 fund balance, \$0 will be utilized for expenditures in the 2019-2020 budget.

Committed Fund Balance - The District had no Committed Fund balance at June 30, 2019.

Assigned Fund Balance - At June 30, 2019, the District has assigned \$88,627 of General Fund balance to expenditures in the 2019-2020 budget. \$70 was assigned for other purposes as of the year-end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance - At June 30, 2019, the District has \$9,231 of Unassigned Fund balance in the General Fund.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 16: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019, is \$926,269.

NOTE 17: ECONOMIC DEPENDENCY

The District is heavily reliant on state aid and local tax levy to fund the District operations. State sources funded approximately 51% of the District's 2018-2019 Governmental Fund revenue, while local tax levy accounted for approximately 45.3%.

NOTE 18: INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances remaining on the balance sheet at June 30, 2019.

NOTE 19: OPERATING LEASES

The District has commitments to lease copy machines under non-cancelable operating leases spanning 48 months. Monthly payments range from \$92-\$473 a month per machine. Total lease payments made during the year ended June 30, 2019, amounted to \$11,461. Future minimum lease payments are as follows:

Year Ended June 30,	Amount
2020	\$ 11,729
2021	11,754
2022	7,855
2023	7,076
2024	590
	<u>\$ 39,004</u>

NOTE 20: COMMITMENTS AND CONTINGENCIES

The School District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures. However, the Title I program was audited for FY 2016 and costs were disallowed requiring repayment which is required by June 30, 2019. It is the opinion of the administration and legal counsels, that there exists no litigation or contingent liability that may be pending against the Alloway Township School District that would have a material or adverse effect on the Board or the financial position of the District.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 21: TAX ABATEMENTS

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

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

The Township of Alloway did not have any tax abatements for the year ended December 31, 2018.

NOTE 22: CHANGE IN ACCOUNTING ESTIMATE

During the prior year beginning July 1, 2017, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" whose primary objective is to improve accounting and financial reporting for postemployment benefits other than pensions (OPEB). These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures for OPEB.

The State 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 paragraph 193 and 203 through 205 of GASBS Statement No. 75 is zero.

The effect of the State being the only entity that has a legal obligation to make employer contributions to OPEB is to eliminate the OPEB liability and deferred inflows related to OPEB by increasing the fiscal year ended June 30, 2018, net position by \$19,327,786 which is the prior period net OPEB liability and deferred inflows related to OPEB. Financial statements for the fiscal year ended June 30, 2018, have not been restated, and the cumulative effect of the change totaling \$19,327,786, is shown as a one-time credit to net position in the fiscal year ended June 30, 2019, statement of activities.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 23: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2019 and November 13, 2019, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 3,955,188		\$ 3,955,188	\$ 3,955,188	
Tuition from LEA's				14,666	\$ 14,666
Transportation from LEA's	1,316		1,316	27,065	25,749
Interest on investments	1,500		1,500	6,878	5,378
Interest on capital reserve funds	1,500		1,500	1,699	199
Miscellaneous				21,046	21,046
Total - local sources	3,959,504		3,959,504	4,026,542	67,038
State sources:					
Equalization aid	3,016,688		3,016,688	3,016,688	
Transportation aid	218,309		218,309	218,309	
Special education aid	370,315		370,315	370,315	
Security aid	47,622		47,622	47,622	
Emergency aid				82,937	82,937
Extraordinary aid				104,306	104,306
Nonpublic transportation costs				4,060	4,060
Teachers' Pension & Annuity Fund - (on-behalf non-budgeted)				489,387	489,387
TPAF post-retirement medical (on-behalf non-budgeted)				221,985	221,985
TPAF long-term disability insurance (on-behalf non-budgeted)				360	360
Reimbursed TPAF Social Security contributions (non-budgeted)				182,266	182,266
Total - state sources	3,652,934		3,652,934	4,738,235	1,085,301
Total revenues	7,612,438		7,612,438	8,764,777	1,152,339

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	76,025		76,025	72,866	3,159
Kindergarten	165,934	12,001	177,935	173,891	4,044
Grades 1-5	862,301	(22,001)	840,300	822,671	17,629
Grades 6-8	526,375		526,375	494,407	31,968
Regular programs - home instruction:					
Salaries of teachers	2,000		2,000	300	1,700
Purchased professional - education services	3,900		3,900		3,900
Regular programs - undistributed instruction:					
Other salaries for instruction	26,307	2,500	28,807	9,505	19,302
Purchased technical services	45,550	(22,500)	23,050	20,618	2,432
Other purchased services (400-500 series)	51,929		51,929	47,716	4,213
General supplies	207,866	(72,250)	135,616	120,462	15,154
Textbooks	1,000		1,000	778	222
Miscellaneous expenditures	2,200		2,200	1,869	331
Total regular programs	1,971,387	(102,250)	1,869,137	1,765,083	104,054
Special education - instruction:					
Resource room					
Salaries of teachers	274,580	(18,260)	256,320	256,268	52
Other salaries for instruction	50,621	21,022	71,643	71,643	
General supplies	2,620	410	3,030	2,832	198
Total resource room	327,821	3,172	330,993	330,743	250
Total special education	327,821	3,172	330,993	330,743	250
Basic skills/remedial					
Salaries of teachers	138,391	(61,853)	76,538	74,774	1,764
Other salaries for instruction	17,000	(17,000)			
General supplies	999	201	1,200	1,148	52
Total basic skills/remedial	156,390	(78,652)	77,738	75,922	1,816
School sponsored co-curricular activities					
Salaries	15,000		15,000	10,112	4,888
Total school sponsored co-curricular activities	15,000		15,000	10,112	4,888
Total other instructional programs	171,390	(78,652)	92,738	86,034	6,704
Total - instruction	2,470,598	(177,730)	2,292,868	2,181,860	111,008

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's within state - regular	1,840,119	(33,000)	1,807,119	1,807,118	1
Tuition to other LEA's within state - special	141,940	(5,000)	136,940	136,940	
Tuition to county vocational school - regular	96,041		96,041	96,041	
Tuition to county special services district/ regional day schools	317,670	(92,368)	225,302	219,436	5,866
Tuition to private schools for the handicapped - within state	117,662		117,662	117,182	480
Tuition to private schools for the handicapped - outside state		340,224	340,224	339,640	584
Total undistributed expenditures - instruction	2,513,432	209,856	2,723,288	2,716,357	6,931
Attendance and social work services					
Salaries	3,241	(1,300)	1,941	1,926	15
Purchased professional/technical services	1,300	2,381	3,681	3,680	1
Total attendance and social work services	4,541	1,081	5,622	5,606	16
Health services					
Salaries	63,454	(1,000)	62,454	61,659	795
Purchased professional/technical services	3,300	1,000	4,300	4,223	77
Supplies and materials	1,861		1,861	1,371	490
Total health services	68,615		68,615	67,253	1,362
Related services					
Purchased professional - education services	88,830	(2,252)	86,578	72,844	13,734
Supplies and materials	200		200		200
Total related services	89,030	(2,252)	86,778	72,844	13,934
Extraordinary services					
Other salaries for instruction	42,966		42,966	25,297	17,669
Purchased educational services	220,618	(61,084)	159,534	158,666	868
Supplies and materials	500		500		500
Total extraordinary services	264,084	(61,084)	203,000	183,963	19,037
Other support services - guidance services					
Salaries of other professional staff	65,558		65,558	65,558	
Supplies and materials	857		857	482	375
Total other support services - guidance services	66,415		66,415	66,040	375

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - child study team					
Salaries of other professional staff	102,799	(413)	102,386	102,386	
Salaries of secretarial and clerical	5,415	(381)	5,034	3,329	1,705
Other purchased professional-tech. services	4,500	909	5,409	5,349	60
Miscellaneous purchased services	250	41	291	291	
Supplies and materials	1,618	(156)	1,462	1,261	201
Total other support services - child study team	114,582		114,582	112,616	1,966
Improvement of instructional services/other support services - instructional staff					
Salaries of supervisor instruction	42,500	(10,513)	31,987	25,596	6,391
Salaries of professional staff	6,000		6,000	2,430	3,570
Total improvement of instructional services/ other support services - instructional staff	48,500	(10,513)	37,987	28,026	9,961
Educational media services/school library					
Salaries	39,544	160	39,704	39,704	
Other purchased services	2,300		2,300	2,177	123
Supplies and materials	3,725	(160)	3,565	450	3,115
Total educational media services/school library	45,569		45,569	42,331	3,238
Instructional staff training					
Salaries of other professional staff	500		500		500
Purchased professional - education services	1,100		1,100		1,100
Other purchased services	2,350		2,350	1,465	885
Total instructional staff training	3,950		3,950	1,465	2,485
Support services general administration					
Salaries	176,292	(4,584)	171,708	171,708	
Legal services	19,500	62,893	82,393	69,200	13,193
Audit services	13,000	(1,000)	12,000	12,000	
Other professional services	8,000	1,400	9,400	7,913	1,487
Communications/telephone	12,000	(464)	11,536	10,128	1,408
Other purchased services (400-500 series)	28,100	(3,219)	24,881	24,835	46
Supplies and materials	700	(306)	394	394	
BOE training/meeting supplies	500	(308)	192	176	16
Miscellaneous expenditures	2,200	37,839	40,039	40,039	
BOE member dues	4,800	(208)	4,592	4,592	
Total support services general administration	265,092	92,043	357,135	340,985	16,150
Support services school administration					
Salaries of principals/assistant principals	42,500	10,513	53,013	53,012	1
Salaries of secretarial and clerical assistants	33,770	(10,755)	23,015	22,674	341
Other purchased services (400-500 series)	650	(557)	93	93	
Supplies and materials	1,000	(331)	669	461	208
Other objects	2,400	300	2,700	572	2,128
Total support services school administration	80,320	(830)	79,490	76,812	2,678

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central services					
Salaries	142,527	2,479	145,006	142,967	2,039
Unused vacation		12,321	12,321	12,321	
Unused sick payments		11,250	11,250	11,250	
Purchased technical services	13,950		13,950	13,009	941
Other purchased services (400-500 series)	3,100		3,100	2,678	422
Supplies and materials	1,500		1,500	394	1,106
Miscellaneous expenditures	1,000		1,000	866	134
Total central services	162,077	26,050	188,127	183,485	4,642
Administration information technology					
Salaries	840		840		840
Total information technology	840		840		840
Required maintenance for school facilities					
Salaries	18,639	185	18,824	18,822	2
Cleaning, repair, and maintenance services	35,300	565	35,865	35,748	117
General supplies		4,900	4,900	4,641	259
Total required maintenance for school facilities	53,939	5,650	59,589	59,211	378
Custodial services					
Salaries non-instructional aides	4,120	3,500	7,620	6,966	654
Other salaries	91,927	(805)	91,122	88,543	2,579
Purchased professional and technical services	6,520	5,547	12,067	12,067	
Cleaning, repair and maintenance services	19,200	7,296	26,496	22,519	3,977
Other purchased property services	33,000	(1,200)	31,800	31,424	376
Insurance	22,050	(3,800)	18,250	18,176	74
Miscellaneous purchased services	2,100	(495)	1,605	1,250	355
General supplies	18,500	(5,743)	12,757	11,735	1,022
Energy - electricity	88,000	6,543	94,543	93,332	1,211
Energy - oil	38,000		38,000	30,293	7,707
Total other operation and maintenance of plant services	323,417	10,843	334,260	316,305	17,955
Security					
General supplies		150	150	146	4
Total security		150	150	146	4
Total operation and maintenance of plant services	377,356	16,643	393,999	375,662	18,337

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services					
Salaries - special	22,000		22,000	17,333	4,667
Aid in lieu - non-public	14,000	1,000	15,000	14,883	117
Aid in lieu - choice	5,000	1,018	6,018	6,018	
Contracted services (between home and school) - vendors	262,772	(366)	262,406	261,386	1,020
Contracted services (other than between home and school) - vendors	13,000	(6,002)	6,998	6,617	381
Contracted services (regular students) - joint agreements	17,033		17,033	16,293	740
Contracted services (special education students) - vendors		366	366	366	
Contracted services (special education students) - joint agreements	6,000	(6,000)			
Contracted services (regular students) - ESC and CTSA	8,933	12,713	21,646	21,646	
Contracted services (special education students) - ESC and CTSA	78,568	21,271	99,839	99,839	
Miscellaneous purchased services	2,850		2,850	2,500	350
Transportation supplies	8,000		8,000	5,994	2,006
Total student transportation services	438,156	24,000	462,156	452,875	9,281
Unallocated benefits					
Social Security contributions	47,000		47,000	42,992	4,008
Other retirement contributions - regular	71,000	7,000	78,000	60,247	17,753
Unemployment compensation	13,500		13,500	13,233	267
Workers' compensation	40,505		40,505	33,998	6,507
Health benefits	749,550	(104,864)	644,686	638,013	6,673
Tuition reimbursement	8,000	(8,000)			
Other employee benefits	2,400		2,400		2,400
Unused sick payments	15,000	(11,400)	3,600	3,600	
Total unallocated benefits	946,955	(117,264)	829,691	792,083	37,608

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Teachers' Pension & Annuity Fund - (on-behalf non-budgeted)				489,387	(489,387)
TPAF post-retirement medical (on-behalf non-budgeted)				221,985	(221,985)
TPAF long-term disability insurance (on-behalf non-budgeted)				360	(360)
Reimbursed TPAF social security contributions (non-budgeted)				182,266	(182,266)
Total non-budgeted				893,998	(893,998)
Total undistributed expenditures	5,489,514	177,730	5,667,244	6,412,401	(745,157)
Total expenditures - current expense	7,960,112		7,960,112	8,594,261	(634,149)
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures					
Required maintenance	33,000	40,588	73,588	44,810	28,778
Custodial services		4,047	4,047	4,047	
Total equipment	33,000	44,635	77,635	48,857	28,778
Facilities acquisition and construction services					
Debt service assessment of SDA funding	35,593		35,593	35,593	
Total facilities acquisition and construction services	35,593		35,593	35,593	
Total capital outlay	68,593	44,635	113,228	84,450	28,778
Total expenditures	8,028,705	44,635	8,073,340	8,678,711	(605,371)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other financing sources (uses):					
Operating transfers:					
Capital reserve to capital outlay		(44,635)	(44,635)		(44,635)
Transfer to food service - board contribution	(5,000)		(5,000)	(5,000)	
Total other financing sources (uses)	(5,000)	(44,635)	(49,635)	(5,000)	(44,635)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(421,267)		(510,537)	81,066	1,713,075
Fund balances - July 1	1,763,244		1,763,244	1,763,244	
Fund balances - June 30	<u>\$ 1,341,977</u>		<u>\$ 1,252,707</u>	<u>\$ 1,844,310</u>	<u>\$ 1,713,075</u>
Recapitulation:					
Restricted fund balance:					
Capital reserve				\$ 470,978	
Excess surplus - designated for subsequent year's expenditures				487,937	
Excess surplus - current year				438,332	
Assigned fund balance:					
Year-end encumbrances				70	
Designated for subsequent year's expenditures				88,627	
Unassigned fund balance				358,366	
				1,844,310	
Reconciliation to Governmental Fund Statements (GAAP):					
Last state aid payment not recognized on GAAP basis				(349,135)	
Fund balance per Governmental Funds (GAAP)				<u>\$ 1,495,175</u>	

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 231,947	\$ 41,420	\$ 273,367	\$ 256,590	\$ 16,777
Local sources	3,539		3,539	3,539	
Total revenues	\$ 235,486	\$ 41,420	\$ 276,906	\$ 260,129	\$ 16,777
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 70,006	\$ (3,400)	\$ 66,606	\$ 65,156	\$ 1,450
Other salaries for instruction	44,041	5,230	49,271	49,271	
Purchased professional - technical services	30,745	3,230	33,975	33,975	
Supplies and materials	39,145	5,179	44,324	44,324	
Total instruction	183,937	10,239	194,176	192,726	1,450
Support services:					
Salaries of secretarial and clerical assistants	15,000	(3,000)	12,000	12,000	
Personal services - employee benefits	9,542	27,093	36,635	36,524	111
Purchased professional - educational services	9,889	111	10,000	10,000	
Purchased professional - technical services	5,000	1,050	6,050	3,050	3,000
Other purchased services (400-500 series)	8,579	5,277	13,856	2,763	11,093
Supplies and materials	3,539	(1,050)	2,489	2,489	
Other objects		1,700	1,700	577	1,123
Total support services	51,549	31,181	82,730	67,403	15,327
Total expenditures	\$ 235,486	\$ 41,420	\$ 276,906	\$ 260,129	\$ 16,777

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation -
 Note to RSI
 For the Fiscal Year Ended June 30, 2019

Note A: Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures.

	<u>General Fund N-1</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1] \$ 8,764,777	[C-2] \$ 260,129
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	347,253	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(349,135)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] <u>\$ 8,762,895</u>	[B-2] <u>\$ 260,129</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] <u>\$ 8,678,711</u>	[C-2] <u>\$ 260,129</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] <u>\$ 8,678,711</u>	[B-2] <u>\$ 260,129</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS
 Last Six Fiscal Years

	Fiscal Year Ended					
	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
District's proportion of the net pension liability (asset)	0.0052604000%	0.0074665919%	0.0071081737%	0.0063405820%	0.0063188878%	0.0070555330%
District's proportionate share of the net pension liability (asset)	\$ 1,035,747	\$ 1,738,103	\$ 2,105,237	\$ 1,423,334	\$ 1,183,069	\$ 1,348,453
District's covered-employee payroll	409,937	437,183	569,505	532,548	491,532	475,029
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	252.66%	397.57%	369.66%	267.27%	240.69%	283.87%
Plan fiduciary net position as a percentage of the total pension liability	53.59%	48.10%	40.13%	47.92%	52.08%	48.72%
Measurement date	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14	06/30/13

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of District Contributions - PERS
 Last Six Fiscal Years

	Fiscal Year Ended					
	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Contractually required contribution	\$ 52,324	\$ 69,170	\$ 63,148	\$ 54,512	\$ 52,092	\$ 53,162
Contributions in relation to the contractually required contribution	(52,324)	(69,170)	(63,148)	(54,512)	(52,092)	(53,162)
Contribution deficiency (excess)	None	None	None	None	None	None
District's covered-employee payroll	\$ 409,937	\$ 437,183	\$ 569,505	\$ 532,548	\$ 491,532	\$ 475,029
Contributions as a percentage of covered-employee payroll	12.76%	15.82%	11.09%	10.24%	10.60%	11.19%
Measurement date	6/30/18	6/30/17	6/30/16	06/30/15	06/30/14	06/30/13

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
 Last Six Fiscal Years

Teacher's Pension and Annuity Fund
 Special Funding Situation

	Fiscal Year Ended					
	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
District's proportion of the net pension liability (asset)	0.0254968891%	0.0281693501%	0.0287097668%	0.0301862655%	0.0298195343%	0.0297634005%
District's proportionate share of the net pension liability (asset)	\$ 16,220,573	\$ 18,992,792	\$ 22,584,934	\$ 19,079,009	\$ 15,937,571	\$ 15,042,189
District's covered-employee payroll	2,735,077	2,668,119	2,837,994	3,026,482	3,099,500	3,053,742
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	593.06%	711.84%	795.81%	630.40%	514.20%	492.58%
Plan fiduciary net position as a percentage of the total pension liability.	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%
Measurement date	6/30/18	6/30/17	6/30/16	06/30/15	06/30/14	06/30/13

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation – 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also, on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS**

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Two Fiscal Years

	Fiscal Year Ended	
	2019	2018
Total OPEB Liability		
Service cost	\$ 551,817	\$ 664,364
Interest	629,863	544,977
Changes of benefit terms		
Differences between expected and actual experience	(633,992)	
Changes of assumptions or other inputs	(1,789,822)	(2,231,613)
Member contributions	14,414	14,705
Benefit payments	(417,056)	(399,354)
Net change in total OPEB liability	(1,644,776)	(1,406,921)
Total OPEB liability - beginning	17,241,676	18,648,597
Total OPEB liability - ending	<u>\$ 15,596,900</u>	<u>\$ 17,241,676</u>
Covered employee payroll	\$ 3,145,014	\$ 3,105,302
Total OPEB liability as a percentage of covered employee payroll	495.92%	555.23%

Notes to Schedule:

Changes of benefit terms:

There were no changes in benefit terms during the year.

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used in the period:

3.87%	3.58%
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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTES RELATED TO PENSIONS

NOTE 1: CONTRIBUTIONS

The contribution policy for the PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

NOTE 2: ACTUARIAL ASSUMPTIONS

The total pension liability for the June 30, 2018, measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Tables for male and female active participants. For local employees, mortality tables are setback 2 years for males and 7 years for females. In addition, the table provides for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using a Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017, 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.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notice.shtml>.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTES RELATED TO OTHER POSTEMPLOYMENT BENEFITS

NOTE 3: CONTRIBUTIONS

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

NOTE 4: ACTUARIAL ASSUMPTIONS

The total nonemployer OPEB liability as of June 30, 2018, was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017, was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Pre-retirement healthy mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 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-2006 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, 2017, valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 - June 30, 2014, for the TPAF and the PERS, respectively.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2019

	Total Brought Forward Ex. E-1a	IDEA Basic Part B	IDEA Preschool	Totals	
				FY 2019	FY 2018
REVENUES:					
Federal sources	\$ 158,477	\$ 94,443	\$ 3,670	\$ 256,590	\$ 272,878
Local sources	3,539			3,539	3,072
Total revenues	162,016	94,443	3,670	260,129	275,950
EXPENDITURES:					
Instruction:					
Salaries of teachers	65,156			65,156	55,092
Other salaries for instruction	10,980	34,882	3,409	49,271	45,713
Purchased professional technical services		33,975		33,975	28,216
General supplies	44,324			44,324	63,075
Total instruction	120,460	68,857	3,409	192,726	192,096
Support services:					
Salaries of secretarial and clerical assistants		12,000		12,000	20,000
Personal services - employee benefits	32,677	3,586	261	36,524	33,782
Purchased professional - educational services		10,000		10,000	10,000
Purchased professional - technical services	3,050			3,050	15,200
Other purchased services (400-500 series)	2,763			2,763	3,000
Supplies and materials	2,489			2,489	1,872
Other objects	577			577	
Total support services	41,556	25,586	261	67,403	83,854
Total expenditures	\$ 162,016	\$ 94,443	\$ 3,670	\$ 260,129	\$ 275,950

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2019

	Title IV	Title I Part A	Title II, Part A Teacher & Principal Training & Recruiting	Rural Education Achievement Program	NJ School Business Administrator's Safety Grant	Total Carried Forward
REVENUES:						
Federal sources	\$ 10,000	\$ 112,942	\$ 6,432	\$ 29,103		\$ 158,477
Local sources					\$ 3,539	3,539
Total revenues	10,000	112,942	6,432	29,103	3,539	162,016
EXPENDITURES:						
Instruction:						
Salaries of teachers		63,606	1,550			65,156
Other salaries for instruction		10,980				10,980
General supplies	10,000	5,221		29,103		44,324
Total instruction	10,000	79,807	1,550	29,103		120,460
Support services:						
Personal services - employee benefits		32,558	119			32,677
Purchased professional - technical services			2,000		1,050	3,050
Other purchased services (400-500 series)			2,763			2,763
Supplies and materials					2,489	2,489
Other objects		577				577
Total support services		33,135	4,882		3,539	41,556
Total expenditures	\$ 10,000	\$ 112,942	\$ 6,432	\$ 29,103	\$ 3,539	\$ 162,016

CAPITAL PROJECTS FUND

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 June 30, 2019

Project Title/Issue	Original Date	Revised Budgetary Appropriation	GAAP Expenditures to Date		Unexpended Appropriation June 30, 2019
			Prior Years	Current Year	
Roof replacement	01/06/14	\$ 405,409	\$ 403,205		\$ 2,204
Security vestibule	06/21/14	65,525	43,972		21,553
		<u>\$ 470,934</u>	<u>\$ 447,177</u>	None	<u>\$ 23,757</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2019

Fund balance - beginning	\$	23,757
Fund balance - ending	\$	23,757

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Roof Replacement
 from Inception and for the Fiscal Year Ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from Capital reserve	\$ 222,613		\$ 222,613	\$ 222,613
State Sources: SDA Grant	182,796		182,796	182,796
	<u>405,409</u>		<u>405,409</u>	<u>405,409</u>
Expenditures and other financing uses				
Purchased professional and technical services	24,351		24,351	28,575
Construction services	378,854		378,854	376,834
	<u>403,205</u>		<u>403,205</u>	<u>405,409</u>
Excess (deficiency) or revenues over (under) expenditures	<u>2,204</u>		<u>2,204</u>	
Additional project information:				
Project number		0060-020-14G2NF		
Grant date		01/06/14		
Bond authorization date		08/19/14		
Bonds authorized		None		
Bonds issued		None		
Original authorized cost	\$ 405,409			
Additional authorized cost		None		
Revised authorized cost		405,409		
Percentage increase over original authorized cost		0%		
Percentage completion		30%		
Original target completion date		6/30/2015		
Revised target completion date		7/31/2015		

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Security Vestibule
 from Inception and for the Fiscal Year Ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from Capital reserve	\$ 36,152		\$ 36,152	\$ 36,152
State Sources: SDA Grant	29,373		29,373	29,373
	<u>65,525</u>		<u>65,525</u>	<u>65,525</u>
Expenditures and other financing uses				
Purchased professional and technical services	10,298		10,298	10,298
Construction services	33,674		33,674	56,215
	<u>43,972</u>		<u>43,972</u>	<u>66,513</u>
Excess (deficiency) or revenues over (under) expenditures	<u>21,553</u>		<u>21,553</u>	
Additional project information:				
Project number		0060-020-141002-G04		
Grant date		06/21/14		
Bond authorization date		n/a		
Bonds authorized		n/a		
Bonds issued		n/a		
Original authorized cost	\$ 65,525			
Additional authorized cost		None		
Revised authorized cost		65,525		
Percentage increase over original authorized cost		0%		
Percentage completion		0%		
Original target completion date		8/31/2015		
Revised target completion date		8/31/2015		

PROPRIETARY FUNDS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2019

	Major Funds			
	Business-type Activities			
	Food Service Fund	Other Funds	Totals FY 2019	FY 2018
ASSETS				
Current assets:				
Cash and cash equivalents		\$ 13,469	\$ 13,469	\$ 3,747
Accounts receivable:				
State	\$ 44		44	82
Federal	1,093		1,093	2,089
Other	312	50	362	140
Inventory	1,705		1,705	1,463
Total current assets	3,154	13,519	16,673	7,521
Noncurrent assets:				
Furniture, machinery & equipment	64,345		64,345	64,345
Less: accumulated depreciation	(43,575)		(43,575)	(40,860)
Total non-current assets	20,770		20,770	23,485
Total assets	23,924	13,519	37,443	31,006
LIABILITIES				
Cash overdraft	6,617		6,617	5,865
Unearned income	1,895	113	2,008	
Compensated absences	3,495		3,495	4,320
Total liabilities	12,007	113	12,120	10,185
NET POSITION				
Invested in capital assets net of related debt	20,770		20,770	23,485
Unrestricted	(8,853)	13,406	4,553	(2,664)
Total net position	\$ 11,917	\$ 13,406	\$ 25,323	\$ 20,821

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2019

	Major Funds		Totals	
	Business-type Activities		FY 2019	FY 2018
	Food Service Fund	Other Funds		
OPERATING REVENUES:				
Local sources:				
Daily sales - reimbursable programs	\$ 45,304		\$ 45,304	\$ 46,200
Daily sales non-reimbursable programs	26,302		26,302	26,335
Community service activities		\$ 44,141	44,141	49,393
Total operating revenue	71,606	44,141	115,747	121,928
OPERATING EXPENSES:				
Salaries	46,770	29,534	76,304	101,532
Employee benefits	18,915	2,925	21,840	24,324
Purchased professional - technical services	2,735		2,735	5,382
Other purchased services		600	600	550
Supplies and materials	256	1,545	1,801	2,515
Cost of sales - reimbursable	40,063		40,063	38,432
Cost of sales - non-reimbursable	9,057		9,057	14,962
Miscellaneous other expenses	188	18	206	1,178
Depreciation	2,715		2,715	2,713
Total operating expenses	120,699	34,622	155,321	191,588
Operating income (loss)	(49,093)	9,519	(39,574)	(69,660)
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - state	1,185		1,185	1,274
Federal sources:				
National school lunch program	29,186		29,186	32,328
Special milk program	125		125	136
Food distribution program	8,580		8,580	10,414
Total non-operating revenues (expenses)	39,076		39,076	44,152
Income (loss) before operating transfers	(10,017)	9,519	(498)	(25,508)
Board contribution	5,000		5,000	17,500
Net income (loss)	(5,017)	9,519	4,502	(8,008)
Total net position - July 1	16,934	3,887	20,821	28,829
Total net position - June 30	\$ 11,917	\$ 13,406	\$ 25,323	\$ 20,821

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2019

	Major Funds		Totals	
	Business-type Activities		FY 2019	FY 2018
	Food Service Fund	Other Funds		
Cash flows from operating activities:				
Receipts from customers	\$ 73,189	\$ 44,344	\$ 117,533	\$ 120,310
Payments to suppliers	(43,961)	(2,163)	(46,124)	(52,367)
Payments to employees	(47,595)	(29,534)	(77,129)	(101,262)
Payments for employee benefits	(18,915)	(2,925)	(21,840)	(24,324)
Net cash provided (used) by operating activities	(37,282)	9,722	(27,560)	(57,643)
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	31,530		31,530	33,214
Board contribution	5,000		5,000	17,500
Net cash provided by non-capital financing activities	36,530		36,530	50,714
Net increase in cash and cash equivalents	(752)	9,722	8,970	(6,929)
Cash and cash equivalents - July 1	(5,865)	3,747	(2,118)	4,811
Cash and cash equivalents - June 30	\$ (6,617)	\$ 13,469	\$ 6,852	\$ (2,118)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (49,093)	\$ 9,519	\$ (39,574)	\$ (69,660)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	2,715		2,715	2,713
Food distribution program	8,580		8,580	10,414
Change in assets and liabilities:				
(Increase) decrease in accts. receivable	(312)	90	(222)	1,701
(Increase) decrease in inventory	(242)		(242)	238
Increase (decrease) in deferred revenue	1,895	113	2,008	(3,319)
Increase (decrease) in compensated absences	(825)		(825)	270
	\$ (37,282)	\$ 9,722	\$ (27,560)	\$ (57,643)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Internal Service Fund
 Combining Schedule of Net Position
 For the Fiscal Year Ended June 30, 2019

	Business-type Activities				Total	
	Food Services	Business Services	Tuition/Transportation Services	Child Study Team Consortium	FY 2019	FY 2018
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 139	\$ 22,175	\$ 15,548	\$ 24,847	\$ 62,709	\$ 47,320
Total assets	<u>\$ 139</u>	<u>\$ 22,175</u>	<u>\$ 15,548</u>	<u>\$ 24,847</u>	<u>\$ 62,709</u>	<u>\$ 47,320</u>
LIABILITIES AND NET POSITION						
Net position						
Unrestricted	\$ 139	\$ 22,175	\$ 15,548	\$ 24,847	\$ 62,709	\$ 47,320
Total liabilities and net position	<u>\$ 139</u>	<u>\$ 22,175</u>	<u>\$ 15,548</u>	<u>\$ 24,847</u>	<u>\$ 62,709</u>	<u>\$ 47,320</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2019

	Business-type Activities				Total	
	Food Services	Business Services	Tuition/ Transportation Services	Child Study Team Consortium	FY 2019	FY 2018
OPERATING REVENUES:						
Local sources:						
Other charges and fees		\$ 213,228		\$ 139,500	\$ 352,728	\$ 342,000
Total operating revenue		213,228		139,500	352,728	342,000
OPERATING EXPENSES:						
Salaries		155,982		101,809	257,791	259,627
Employee benefits		48,928		28,374	77,302	72,482
Other purchased services (400-500 series)		1,049		385	1,434	980
Supplies and materials		46			46	
Miscellaneous expenditures		766			766	
Total operating expenses		206,771		130,568	337,339	333,089
Net changes in net position		6,457		8,932	15,389	8,911
Total net position - July 1	\$ 139	15,718	\$ 15,548	15,915	47,320	38,409
Total net position - June 30	\$ 139	\$ 22,175	\$ 15,548	\$ 24,847	\$ 62,709	\$ 47,320

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2019

	Business-type Activities				Total	
	Food Services	Business Services	Tuition/ Transportation Services	Child Study Team Consortium	FY 2019	FY 2018
Cash flows from operating activities:						
Receipts from customers		\$ 213,228		\$ 139,500	\$ 352,728	\$ 345,960
Payments to suppliers		(1,861)		(385)	(2,246)	(980)
Payments to employees		(155,982)		(101,809)	(257,791)	(259,627)
Payments for employee benefits		(48,928)		(28,374)	(77,302)	(72,482)
Net cash provided (used) by operating activities		6,457		8,932	15,389	12,871
Net increase in cash and cash equivalents		6,457		8,932	15,389	12,871
Cash and cash equivalents - July 1	\$ 139	15,718	\$ 15,548	15,915	47,320	34,449
Cash and cash equivalents - June 30	\$ 139	\$ 22,175	\$ 15,548	\$ 24,847	\$ 62,709	\$ 47,320
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)		\$ 6,457		\$ 8,932	\$ 15,389	\$ 8,911
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:						
Change in assets & liabilities:						
Increase (decrease) in accounts receivable						3,960
		\$ 6,457		\$ 8,932	\$ 15,389	\$ 12,871

FIDUCIARY FUNDS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Combining Statement of Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2019

	Agency Funds	Total	
		FY 2019	FY 2018
ASSETS			
Cash and cash equivalents	\$ 44,532	\$ 44,532	\$ 47,228
Total assets	<u>\$ 44,532</u>	<u>\$ 44,532</u>	<u>\$ 47,228</u>
LIABILITIES			
Due to student groups	\$ 20,657	\$ 20,657	\$ 23,278
Payroll deductions and withholdings	23,877	23,877	23,950
Total liabilities	<u>\$ 44,534</u>	<u>\$ 44,534</u>	<u>\$ 47,228</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2019

ACTIVITIES	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
Alloway School	\$ 23,278	\$ 25,538	\$ 28,159	\$ 20,657

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS				
Cash and cash equivalents	\$ 23,950	\$ 3,737,494	\$ 3,737,569	\$ 23,875
Total assets	<u>\$ 23,950</u>	<u>\$ 3,737,494</u>	<u>\$ 3,737,569</u>	<u>23,875</u>
LIABILITIES				
Employees' net pay		\$ 2,058,995	\$ 2,058,995	
Payroll deductions and withholdings	\$ 23,950	1,678,209	1,678,282	23,877
Interfund payable		290	290	
Total liabilities	<u>\$ 23,950</u>	<u>\$ 3,737,494</u>	<u>\$ 3,737,567</u>	<u>\$ 23,877</u>

LONG-TERM DEBT

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of Serial Bonds
 June 30, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
			Date	Amount					
Refunding Bonds of 2014	10/16/14	\$ 2,075,000	03/01/20	\$ 215,000	2.000%	\$ 1,430,000	None	\$ 210,000	\$ 1,220,000
			03/01/21	210,000	2.000%				
			03/01/22	205,000	2.500%				
			03/01/23	200,000	2.500%				
			03/01/24	195,000	2.625%				
			03/01/25	195,000	2.625%				

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Debt Service Fund Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 247,262		\$ 247,262	\$ 247,262	
Total revenues	<u>247,262</u>		<u>247,262</u>	<u>247,262</u>	
EXPENDITURES:					
Regular debt service:					
Interest	37,263		37,263	37,262	\$ 1
Redemption of principal	210,000		210,000	210,000	
Total regular debt service	<u>247,263</u>		<u>247,263</u>	<u>247,262</u>	<u>1</u>
Total expenditures	<u>247,263</u>		<u>247,263</u>	<u>247,262</u>	<u>1</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(1)		(1)		(1)
Fund balance - July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund balance - June 30				<u>\$ 1</u>	<u>\$ (1)</u>

**STATISTICAL SECTION
(Unaudited)**

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION**

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	110-116
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	117-120
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	121-124
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	125-126
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	127-131

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Net Position By Component
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2019
 Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Invested in capital assets, net of related debt	\$ 3,832,720	\$ 3,774,163	\$ 3,725,471	\$ 3,655,357	\$ 3,655,252	\$ 3,641,137	\$ 4,013,234	\$ 3,989,593	\$ 3,999,675	\$ 3,993,452
Restricted	1,002,695	1,127,071	1,149,692	938,254	1,384,505	1,436,371	972,754	1,082,893	1,448,375	1,509,702
Unrestricted	(188,600)	(122,723)	(105,632)	(156,338)	(182,804)	(1,482,420)	(1,430,774)	(20,143,711)	(1,695,984)	(1,638,821)
Total governmental activities net position	<u>\$ 4,646,815</u>	<u>\$ 4,778,511</u>	<u>\$ 4,769,531</u>	<u>\$ 4,437,273</u>	<u>\$ 4,856,953</u>	<u>\$ 3,595,088</u>	<u>\$ 3,555,214</u>	<u>\$ (15,071,225)</u>	<u>\$ 3,752,066</u>	<u>\$ 3,864,333</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 5,698	\$ 4,884	\$ 4,710	\$ 4,537	\$ 4,363	\$ 11,879	\$ 19,748	\$ 26,198	\$ 23,485	\$ 20,770
Unrestricted	29,732	18,616	16,648	11,390	13,005	3,740	(6,062)	2,770	(2,525)	4,692
Total business-type activities net position	<u>\$ 35,430</u>	<u>\$ 23,500</u>	<u>\$ 21,358</u>	<u>\$ 15,927</u>	<u>\$ 17,368</u>	<u>\$ 15,619</u>	<u>\$ 13,686</u>	<u>\$ 28,968</u>	<u>\$ 20,960</u>	<u>\$ 25,462</u>
District-wide:										
Invested in capital assets, net of related debt	\$ 3,838,418	\$ 3,779,047	\$ 3,730,181	\$ 3,659,894	\$ 3,659,615	\$ 3,653,016	\$ 4,032,982	\$ 4,015,791	\$ 4,023,160	\$ 4,014,222
Restricted	1,002,695	1,127,071	1,149,692	938,254	1,384,505	1,436,371	972,754	1,082,893	1,448,375	1,509,702
Unrestricted	(158,868)	(104,107)	(88,984)	(144,948)	(169,799)	(1,478,680)	(1,436,836)	(20,140,941)	(1,698,509)	(1,634,129)
	<u>\$ 4,682,245</u>	<u>\$ 4,802,011</u>	<u>\$ 4,790,889</u>	<u>\$ 4,453,200</u>	<u>\$ 4,874,321</u>	<u>\$ 3,610,707</u>	<u>\$ 3,568,900</u>	<u>\$ (15,042,257)</u>	<u>\$ 3,773,026</u>	<u>\$ 3,889,795</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2019
Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXPENSES:										
Governmental activities:										
Instruction										
Regular	\$ 1,898,691	\$ 1,883,236	\$ 1,842,196	\$ 1,998,727	\$ 1,816,724	\$ 1,770,651	\$ 1,724,878	\$ 1,725,547	\$ 1,769,342	\$ 1,764,446
Special education	505,573	505,399	469,372	504,953	515,937	464,598	551,878	494,389	532,888	524,234
Other special education	98,670	86,247	104,039	164,465	169,305	158,520	128,394	62,833	82,339	76,124
Other instruction	28,881	30,701	29,050	30,215	31,489	30,985	29,269	29,825	10,746	10,112
Support services										
Student & instruction and related services	2,846,545	2,537,300	2,829,270	2,747,944	2,630,605	3,079,536	3,167,978	3,413,852	3,179,336	3,457,933
General administration	245,370	244,751	268,006	270,797	248,738	275,712	281,273	201,192	282,131	340,985
School administrative services	141,964	146,887	152,487	132,697	142,917	124,732	143,006	135,563	82,866	76,812
Central services	347,006	349,543	371,392	368,003	365,370	391,976	323,862	346,851	364,556	375,656
Administrative information technology	2,215	599	242	588	2,378	1,697	2,575	578	420	
Plant operations and maintenance	400,333	427,586	404,053	399,613	457,900	419,411	402,302	350,435	330,187	375,662
Pupil transportation	344,806	336,347	381,786	421,885	410,698	497,998	546,707	447,606	411,379	452,875
Unallocated benefits	1,239,243	1,289,557	1,395,945	1,600,754	1,326,186	1,459,652	1,513,749	1,714,725	2,581,530	2,414,390
Interest on long-term debt	121,640	115,640	109,640	103,640	97,640	92,128	59,708	54,689	48,241	41,140
Capital outlay		27,620	16,819	23,083	12,593	43,768	47,530	44,343	35,593	35,593
Unallocated depreciation	230,219	232,016	232,902	236,764	234,426	234,875	247,034	259,795	262,082	261,202
Total Governmental activities expenses	<u>8,451,156</u>	<u>8,213,429</u>	<u>8,607,199</u>	<u>9,004,128</u>	<u>8,462,906</u>	<u>9,046,239</u>	<u>9,170,143</u>	<u>9,282,223</u>	<u>9,973,636</u>	<u>10,207,164</u>
Business-type activities:										
Food service	163,777	157,558	143,559	148,094	152,100	146,010	148,862	150,420	142,890	120,699
Child care	76,174	80,461	78,370	77,362	81,306	92,080	78,280	60,707	48,698	34,622
Total business-type activities expense	<u>239,951</u>	<u>238,019</u>	<u>221,929</u>	<u>225,456</u>	<u>233,406</u>	<u>238,090</u>	<u>227,142</u>	<u>211,127</u>	<u>191,588</u>	<u>155,321</u>
Total District expenses	<u>\$ 8,691,107</u>	<u>\$ 8,451,448</u>	<u>\$ 8,829,128</u>	<u>\$ 9,229,584</u>	<u>\$ 8,696,312</u>	<u>\$ 9,284,329</u>	<u>\$ 9,397,285</u>	<u>\$ 9,493,350</u>	<u>\$10,165,224</u>	<u>\$10,362,485</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2019
Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PROGRAM REVENUES:										
Governmental activities:										
Charges for services										
Instruction (tuition)	\$ 76,200	\$ 81,500	\$ 129,476	\$ 121,000	\$ 123,500	\$ 126,000	\$ 126,000	\$ 129,000	\$ 136,000	\$ 139,500
General administration	77,956	78,966	81,243	81,165	79,685	78,625	80,023	28,537		
Business administration & central services	194,354	203,362	210,000	224,300	217,316	229,000	172,000	191,000	206,000	213,228
Pupil transportation						53,039	57,062	21,720		
Operating grants and contributions	260,757	301,125	219,628	217,698	192,382	179,826	249,856	269,747	275,950	260,129
Total governmental activities program revenues	<u>609,267</u>	<u>664,953</u>	<u>640,347</u>	<u>644,163</u>	<u>612,883</u>	<u>666,490</u>	<u>684,941</u>	<u>640,004</u>	<u>617,950</u>	<u>612,857</u>
Business-type activities:										
Charges for services										
Food service	117,739	111,148	103,879	95,786	92,532	81,429	83,990	84,419	72,535	71,606
Child care	81,171	77,871	80,491	71,264	85,298	84,938	77,309	59,752	49,393	44,141
Operating grants and contributions	38,474	37,070	35,417	40,838	46,217	47,474	44,490	44,488	44,152	39,076
Total business-type activities program revenues	<u>237,384</u>	<u>226,089</u>	<u>219,787</u>	<u>207,888</u>	<u>224,047</u>	<u>213,841</u>	<u>205,789</u>	<u>188,659</u>	<u>166,080</u>	<u>154,823</u>
Total District program revenue	<u>\$ 846,651</u>	<u>\$ 891,042</u>	<u>\$ 860,134</u>	<u>\$ 852,051</u>	<u>\$ 836,930</u>	<u>\$ 880,331</u>	<u>\$ 890,730</u>	<u>\$ 828,663</u>	<u>\$ 784,030</u>	<u>\$ 767,680</u>
Net (expense) revenue										
Governmental activities	\$ (7,841,889)	\$ (7,548,476)	\$ (7,966,852)	\$ (8,359,965)	\$ (7,850,023)	\$ (8,379,749)	\$ (8,485,202)	\$ (8,642,219)	\$ (9,355,686)	\$ (9,594,307)
Business-type activities	(2,567)	(11,930)	(2,142)	(17,568)	(9,359)	(24,249)	(21,353)	(22,468)	(25,508)	(498)
Total District-wide net expense	<u>\$ (7,844,456)</u>	<u>\$ (7,560,406)</u>	<u>\$ (7,968,994)</u>	<u>\$ (8,377,533)</u>	<u>\$ (7,859,382)</u>	<u>\$ (8,403,998)</u>	<u>\$ (8,506,555)</u>	<u>\$ (8,664,687)</u>	<u>\$ (9,381,194)</u>	<u>\$ (9,594,805)</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2019
Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General revenues and other changes in net position										
Governmental activities:										
Property taxes levied for government purposes (net)	\$ 3,325,440	\$ 3,325,480	\$ 3,325,480	\$ 3,325,480	\$ 3,390,760	\$ 3,525,085	\$ 3,595,502	\$ 3,698,284	\$ 3,877,636	\$ 3,955,188
Taxes levied for debt service	251,640	271,640	265,640	259,640	253,640	282,640	275,240	248,467	258,713	247,262
Unrestricted grants and contributions	4,045,455	3,377,230	3,982,331	4,310,771	4,365,143	4,456,919	4,491,334	4,483,990	4,612,519	5,437,770
Federal aid restricted		617,008								
Tuition charges			29,339	24,413				12,393	41,482	14,666
Transportation fees			10,310					1,722	20,458	27,065
Investment earnings	21,951	12,961	24,696	26,709	26,882	21,590	22,315	6,229	3,651	8,577
Gain (loss) on disposal of assets				(1,140)		(5,946)		(788)		
Transfers	8,941	(10,000)			(12,137)	(10,800)	(22,500)	(10,040)	(17,500)	(5,000)
Miscellaneous income	7,531	24,313	42,376	11,999	3,419	215	51,283	5,071	54,232	21,046
Total governmental activities	<u>7,660,958</u>	<u>7,618,632</u>	<u>7,680,172</u>	<u>7,957,872</u>	<u>8,027,707</u>	<u>8,269,703</u>	<u>8,413,174</u>	<u>8,445,328</u>	<u>8,851,191</u>	<u>9,706,574</u>
Business-type activities:										
Transfers	(8,941)	10,000			12,137	10,800	22,500	10,040	17,500	5,000
Gain (loss) on disposal of assets								(1,220)		
Miscellaneous income								10,600		
Total business-type activities	<u>(8,941)</u>	<u>10,000</u>			<u>12,137</u>	<u>10,800</u>	<u>22,500</u>	<u>19,420</u>	<u>17,500</u>	<u>5,000</u>
Total District-wide	<u>\$ 7,652,017</u>	<u>\$ 7,628,632</u>	<u>\$ 7,680,172</u>	<u>\$ 7,957,872</u>	<u>\$ 8,039,844</u>	<u>\$ 8,280,503</u>	<u>\$ 8,435,674</u>	<u>\$ 8,464,748</u>	<u>\$ 8,868,691</u>	<u>\$ 9,711,574</u>
Change in net position										
Governmental activities	\$ (180,931)	\$ 70,156	\$ (286,680)	\$ (402,093)	\$ 177,684	\$ (110,046)	\$ (72,028)	\$ (196,891)	\$ (504,495)	\$ 112,267
Business-type activities	(11,508)	(1,930)	(2,142)	(17,568)	2,778	(13,449)	1,147	(3,048)	(8,008)	4,502
Total District	<u>\$ (192,439)</u>	<u>\$ 68,226</u>	<u>\$ (288,822)</u>	<u>\$ (419,661)</u>	<u>\$ 180,462</u>	<u>\$ (123,495)</u>	<u>\$ (70,881)</u>	<u>\$ (199,939)</u>	<u>\$ (512,503)</u>	<u>\$ 116,769</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2019
 Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund:										
Restricted		\$ 1,033,776	\$ 1,070,929	\$ 725,273	\$ 783,296	\$ 690,750	\$ 721,591	\$ 951,733	\$ 1,235,165	\$ 1,397,247
Assigned		96,938	78,763	212,981	195,800	296,985	217,731	107,402	189,452	88,697
Unassigned		(45,360)	(26,190)	(35,752)	(87,844)	(144,165)	(28,010)	(929)	(8,626)	9,231
Reserved	\$ 982,956									
Unreserved	(107,980)									
Total general fund	<u>\$ 874,976</u>	<u>\$ 1,085,354</u>	<u>\$ 1,123,502</u>	<u>\$ 902,502</u>	<u>\$ 891,252</u>	<u>\$ 843,570</u>	<u>\$ 911,312</u>	<u>\$ 1,058,206</u>	<u>\$ 1,415,991</u>	<u>\$ 1,495,175</u>
All other governmental funds:										
Unreserved, reported in:										
Capital projects fund	\$ 19,739	\$ 19,739			\$ 405,409	\$ 417,965	\$ 23,757	\$ 23,757	\$ 23,757	\$ 23,757
Debt service fund						30,671	9,675	1	1	1
Total all other governmental funds	<u>\$ 19,739</u>	<u>\$ 19,739</u>			<u>405,409</u>	<u>\$ 448,636</u>	<u>\$ 33,432</u>	<u>\$ 23,758</u>	<u>\$ 23,758</u>	<u>\$ 23,758</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES:										
Tax levy	\$ 3,597,120	\$ 3,591,120	\$ 3,585,120	\$ 3,644,400	\$ 3,807,725	\$ 3,870,742	\$ 3,946,751	\$ 4,057,092	\$ 4,136,349	\$ 4,202,450
Tuition charges		29,339	24,413				12,393	35,229	41,482	14,666
Transportation charges		10,310					1,722	3,208	20,458	27,065
Interest earnings	12,961	24,696	26,709	26,882	21,590	22,315	6,229	3,205	3,651	8,577
Miscellaneous	28,312	48,452	16,269	7,541	215	55,855	7,546	7,815	57,304	24,585
State sources	3,380,675	3,984,775	4,182,543	4,365,143	4,456,919	4,491,334	4,483,990	4,589,383	4,612,519	4,736,353
Federal sources	870,321	292,605	343,586	213,576	192,382	175,254	247,381	267,192	272,878	256,590
Total revenue	7,889,389	7,981,297	8,178,640	8,257,542	8,478,831	8,615,500	8,706,012	8,963,124	9,144,641	9,270,286
EXPENDITURES:										
Instruction:										
Regular	1,899,191	1,871,789	1,842,686	1,978,639	1,822,096	1,781,326	1,719,679	1,737,060	1,772,545	1,765,083
Special	505,933	505,419	469,652	504,481	515,239	467,230	551,541	494,321	532,640	523,469
Other	105,590	85,507	103,799	162,795	168,810	158,273	128,101	62,518	87,087	75,922
School sponsored/other instructional	28,881	30,701	29,050	30,215	31,489	31,165	29,899	28,295	10,746	10,112
Undistributed:										
Student & instruction related services	2,781,570	2,463,489	2,714,991	2,640,558	2,522,911	2,958,403	3,047,189	3,287,423	3,049,196	3,327,380
General administration	167,452	165,785	186,763	189,632	169,053	197,087	184,250	192,655	282,131	340,985
School administration	141,901	146,887	146,637	138,547	132,617	135,032	141,006	135,563	82,866	76,812
Central administration	147,320	150,023	156,029	158,738	163,830	173,268	163,754	164,144	159,714	183,485
Administration information technology	2,215	599	242	588	2,378	1,697	2,575	578	420	
Plant operations & maintenance	400,333	427,836	401,103	402,373	458,065	419,231	398,922	354,770	330,187	375,662
Student transportation	344,806	336,347	381,786	421,885	410,698	446,350	489,645	441,434	411,379	452,875
Unallocated benefits	1,239,243	1,289,557	1,395,945	1,600,754	1,326,186	1,471,737	1,531,090	1,562,956	1,694,447	1,722,605
Debt service expenditures										
Principal	150,000	150,000	150,000	150,000	185,000	185,000	215,000	215,000	215,000	210,000
Interest	121,640	115,640	109,640	103,640	97,640	69,244	54,463	50,162	43,713	37,262
Capital outlay	48,756	51,079	52,169	39,733	67,860	112,087	457,694	70,025	97,285	84,450
Total expenditures	8,084,831	7,790,658	8,140,492	8,522,578	8,073,872	8,607,130	9,114,808	8,796,904	8,769,356	9,186,102
Excess (deficiency of revenues over (under) expenditures	(195,442)	190,639	38,148	(265,036)	404,959	8,370	(408,796)	166,220	375,285	84,184
Other financing sources (uses)										
Refund of bond issuance costs						9,675				
Transfers from internal service fund				56,536			73,334			
Transfers out - food service fund	(10,000)			(12,500)	(10,800)	(22,500)	(12,000)	(29,000)	(17,500)	(5,000)
Total other financing sources (uses)	(10,000)			44,036	(10,800)	(12,825)	61,334	(29,000)	(17,500)	(5,000)
Net change in fund balance	\$ (205,442)	\$ 190,639	\$ 38,148	\$ (221,000)	\$ 394,159	\$ (4,455)	\$ (347,462)	\$ 137,220	\$ 357,785	\$ 79,184
Debt service as a percentage of noncapital expenditures										
	3.38%	3.43%	3.21%	2.99%	3.53%	2.99%	3.11%	3.04%	2.98%	2.72%

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Donations	Miscellaneous	Refunds	Other Local Grant	Rentals	Annual Totals
2010		\$ 534	\$ 7,779		\$ 16,000	\$ 24,313
2011		5,429	20,947		16,000	42,376
2012		6,132	5,867			11,999
2013		260	3,159			3,419
2014		215				215
2015		1,747	49,536			51,283
2016	\$ 2,570	2,501		\$ 2,475		7,546
2017		2,248	3,012			5,260
2018		9,357	44,875			54,232
2019		132	20,914			21,046
	<u>\$ 2,570</u>	<u>\$ 28,555</u>	<u>\$ 156,089</u>	<u>\$ 2,475</u>	<u>\$ 32,000</u>	<u>\$ 221,689</u>

Source: District records

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2010	7,355,300	148,666,100	33,703,600	5,855,800	5,878,700	0	0	201,459,500	562,108	202,021,608	304,743,165	1.781
2011	12,314,300	209,234,800	44,541,200	6,405,000	15,496,600	0	0	287,991,900	841,247	288,833,147	344,735,336	1.243
2012	12,231,900	208,335,300	44,590,500	5,992,900	15,191,000	0	0	286,341,600	614,413	286,956,013	308,742,510	1.250
2013	10,955,100	207,289,200	44,768,800	5,826,100	15,384,500	0	0	284,223,700	627,629	284,851,329	290,561,112	1.280
2014	10,219,000	207,215,300	45,486,900	5,872,700	16,141,800	0	0	284,935,700	569,261	285,504,961	282,175,294	1.334
2015	9,975,700	206,966,300	45,870,600	6,047,000	11,919,200	0	0	280,778,800	414,575	281,193,375	289,929,202	1.377
2016	8,489,100	207,582,200	45,833,000	6,009,900	11,604,300	0	0	279,518,500	406,893	279,925,393	296,158,778	1.410
2017	7,829,300	208,100,500	45,516,800	6,000,300	11,604,300	0	0	279,051,200	399,169	279,450,369	285,661,657	1.452
2018	7,661,700	209,389,800	45,151,700	5,925,200	11,708,000	0	0	279,836,400	385,714	280,222,114	292,718,815	1.478
2019	7,326,300	209,233,900	45,527,100	6,000,600	11,708,000	0	0	279,795,900	377,670	280,173,570	292,341,815	1.500

Source: Tax Assessor

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Per \$100 of Assessed Valuation
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Overlapping Rates			Total Direct & Overlapping Tax Rate
				Township of Alloway	Township Open Space	Salem County	
2010	1.647	0.134	1.781	0.214	0.019	1.339	3.353
2011	1.151	0.092	1.243	0.180	0.019	1.060	2.502
2012	1.159	0.091	1.250	0.190	0.002	0.961	2.403
2013	1.191	0.089	1.280	0.181	0.010	0.959	2.430
2014	1.235	0.099	1.334	0.186	0.005	0.954	2.479
2015	1.279	0.098	1.377	0.225	0.005	0.985	2.592
2016	1.321	0.089	1.410	0.244	0.005	1.059	2.718
2017	1.361	0.091	1.452	0.250	0.005	1.109	2.816
2018	1.386	0.092	1.478	0.250	0.005	1.109	2.842
2019	1.412	0.088	1.500	0.258	0.005	1.237	3.000

Source: Abstract of Ratables (Salem County)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers
Current and Nine Years Ago
Unaudited

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
T/P Campground Inc.	3,000,000	1.07%	6,650,000	3.29%
Angelo Massari, Inc.	2,521,500	0.90%	2,521,500	1.25%
Taxpayer #1	1,039,600	0.37%	1,193,200	0.59%
Tall Pines Campground Inc.				
Taxpayer #2	874,100	0.31%	1,100,000	0.54%
Taxpayer #3	835,200	0.30%	910,400	0.45%
Taxpayer #4	802,600	0.29%	835,200	0.41%
Fulton Bank (The Bank)	703,000	0.25%	726,000	0.36%
Heritage-Cobb Mill Estates LP			1,590,200	0.79%
Taxpayer #5	693,200	0.25%	723,900	0.36%
NL Properties LLC	599,000	0.21%		
Taxpayer #6	578,800	0.21%		
Verizon Communications			841,247	0.42%
	<u>11,647,000</u>	<u>4.16%</u>	<u>17,091,647</u>	<u>8.46%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year		Collections in Subsequent Year
		Amount	Percent of Levy	
2010	\$ 3,597,120	\$ 3,597,120	100.00%	
2011	3,591,120	3,591,120	100.00%	
2012	3,585,120	3,585,120	100.00%	
2013	3,644,400	3,644,400	100.00%	
2014	3,807,725	3,807,725	100.00%	
2015	3,870,742	3,870,742	100.00%	
2016	3,946,751	3,946,751	100.00%	
2017	4,057,092	4,057,092	100.00%	
2018	4,136,349	4,136,349	100.00%	
2019	4,202,450	4,202,450	100.00%	

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

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

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes	Business-type Activities Capital Leases	Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases				
2010	\$ 2,816,000					\$ 2,816,000	2.06%
2011	2,666,000					2,666,000	1.91%
2012	2,516,000					2,516,000	1.74%
2013	2,366,000					2,366,000	1.66%
2014	2,181,000					2,181,000	1.53%
2015	2,075,000					2,075,000	1.43%
2016	1,860,000					1,860,000	1.24%
2017	1,645,000					1,645,000	1.08%
2018	1,430,000					1,430,000	0.91%
2019	1,220,000					1,220,000	n/a

Note: Not available at the time of CAFR completion.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions			
2010	\$ 2,816,000		\$ 2,816,000	1.40%	811
2011	2,666,000		2,666,000	0.93%	772
2012	2,516,000		2,516,000	0.88%	729
2013	2,366,000		2,366,000	0.83%	692
2014	2,181,000		2,181,000	0.77%	643
2015	2,075,000		2,075,000	0.74%	617
2016	1,860,000		1,860,000	0.67%	558
2017	1,645,000		1,645,000	0.59%	493
2018	1,430,000		1,430,000	0.51%	428
2019	1,220,000		1,220,000	0.44%	365

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2018
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Alloway	\$ 3,810,498	100%	\$ 3,810,498
Salem County General Obligation Debt (5.62%)	39,640,364	5.81%	2,301,701
Subtotal, overlapping debt			6,623,054
Township of Alloway School District			1,220,000
Total direct and overlapping debt			<u>\$ 7,843,054</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Salem County Board of Taxation. Debt outstanding provided by each government unit.

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

	Year	Equalized Valuation Basis								
	2018	\$ 289,434,054								
	2017	290,980,971								
	2016	290,466,535								
		<u>\$ 870,881,560</u>								
Average equalized valuation of taxable property		\$ 290,293,853								
Debt limit (3% of average equalized value)		8,708,816								
Total net debt applicable to limit		<u>1,220,000</u>								
Legal debt margin		<u>\$ 7,488,816</u>								
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	<u>\$ 9,162,104</u>	<u>\$ 9,448,068</u>	<u>\$ 9,382,275</u>	<u>\$ 8,789,910</u>	<u>\$ 8,631,153</u>	<u>\$ 8,682,550</u>	<u>\$ 8,731,754</u>	<u>\$ 8,710,100</u>	<u>\$ 8,660,606</u>	<u>\$ 8,708,816</u>
Total net debt applicable to limit	<u>2,816,000</u>	<u>2,666,000</u>	<u>2,516,000</u>	<u>2,366,000</u>	<u>2,181,000</u>	<u>2,075,000</u>	<u>1,860,000</u>	<u>1,645,000</u>	<u>1,430,000</u>	<u>1,220,000</u>
Legal debt margin	<u>\$ 6,346,104</u>	<u>\$ 6,782,068</u>	<u>\$ 6,866,275</u>	<u>\$ 6,423,910</u>	<u>\$ 6,450,153</u>	<u>\$ 6,607,550</u>	<u>\$ 6,871,754</u>	<u>\$ 7,065,100</u>	<u>\$ 7,230,606</u>	<u>\$ 7,488,816</u>
Total net debt applicable to the limit as a percentage of debt limit	30.74%	28.22%	26.82%	26.92%	25.27%	23.90%	21.30%	18.89%	16.51%	14.01%

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

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2010	3,474	\$ 136,962,450	\$ 39,425	12.30%
2011	3,453	139,584,072	40,424	11.60%
2012	3,451	144,458,860	41,860	11.90%
2013	3,417	142,321,467	41,651	5.90%
2014	3,394	142,636,244	42,026	8.20%
2015	3,365	144,984,390	43,086	7.10%
2016	3,331	149,858,359	44,989	5.10%
2017	3,339	152,024,670	45,530	5.00%
2018	3,338	157,523,558	47,191	4.40%
2019	3,338	n/a	n/a	n/a

Source: State of New Jersey, Department of Labor and Workforce Development.

n/a = Not available at time of completion of CAFR.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current and Nine Years Ago
Unaudited

Employer	2019		2010	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Ranch Hope	145	9.13%	145	11.27%
Alloway Township Board of Education	70	4.41%	80	6.22%
B.R. Williams	215	13.54%	50	3.89%
Alloway Township	28	1.76%	30	2.33%
Edgar Joyce Nursery	19	1.20%	20	1.55%
	<u>477</u>	<u>30.04%</u>	<u>325</u>	<u>25.25%</u>

Source: Alloway School District

n/a - Not available

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction:										
Regular	36.0	35.0	34.0	32.0	32.0	30.0	30.0	24.8	24.8	24.8
Special education	9.0	8.0	7.4	13.0	11.0	12.0	12.0	13.4	14.2	12.6
Support services:										
Student & instruction related services	6.5	5.5	3.8	2.5	2.5	4.0	4.0	4.3	4.3	4.3
General administration	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.2
School administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Business administrative services	2.5	2.5	2.5	1.5	2.0	2.0	2.0	2.5	2.5	2.0
Plants operations and maintenance	5.6	5.5	5.2	5.0	4.1	4.1	3.9	3.5	3.5	3.5
Food service	4.0	4.0	4.0	4.0	3.5	3.5	3.5	3.4	3.3	2.8
Child care	4.0	4.0	4.0	4.0	3.5	3.5	2.0	2.0	2.0	2.0
Total	<u>71.1</u>	<u>68.0</u>	<u>64.4</u>	<u>65.5</u>	<u>62.1</u>	<u>62.6</u>	<u>60.9</u>	<u>57.4</u>	<u>58.1</u>	<u>55.2</u>

Source: District personnel records and budget book.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2010	646	\$ 7,764,435	\$ 12,019	5.59%	35.0	1:13	462.30	442.40	0.35%	95.70%
2011	618	7,473,939	12,094	0.62%	36.0	1:13	431.00	412.90	-6.77%	95.80%
2012	603	7,828,683	12,983	7.35%	35.0	1:12	419.00	401.50	-2.78%	95.82%
2013	586	8,229,205	14,043	8.17%	34.0	1:12	401.90	384.80	-4.08%	95.75%
2014	532	7,723,372	14,518	3.38%	36.0	1:11	388.90	372.50	-3.23%	95.78%
2015	504	8,240,799	16,351	12.63%	34.0	1:11	376.92	358.14	-3.08%	95.02%
2016	501	8,387,651	16,742	2.39%	35.5	1:11	383.00	358.98	1.61%	93.73%
2017	494	8,461,717	17,129	2.31%	33.0	1:12	374.60	354.60	-2.19%	94.66%
2018	495	8,413,358	16,997	-0.77%	30.0	1:12	368.06	348.70	-1.75%	94.74%
2019	501	8,854,390	17,673	3.98%	30.0	1:12	356.87	338.16	-3.04%	94.76%

Source: District records, ASSA, and schedules J-4, J-12, J-14.

- Enrollment includes Woodstown High School enrollment.

Note: Enrollment based on annual October district count.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 Unaudited

Elementary	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Alloway Elementary										
Square feet	55,760	55,760	55,760	55,760	55,760	55,760	55,760	55,760	55,760	55,760
Capacity (students)	629	629	629	629	629	629	629	629	629	629
Enrollment	461	430	419	401	384	376	384	375	361	360

Number of schools at June 30, 2019
 Elementary = 1

Source: District office

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 General Fund
 Schedule of Required Maintenance Expenditures by School Facility
 For the Fiscal Year Ended June 30, 2019
 Unaudited

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

* School Facilities	Gross Square Footage	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Alloway School	55,760	<u>\$ 49,900</u>	<u>\$ 51,747</u>	<u>\$ 57,585</u>	<u>\$ 54,877</u>	<u>\$ 87,505</u>	<u>\$ 72,823</u>	<u>\$ 70,781</u>	<u>\$ 48,461</u>	<u>\$ 35,800</u>	<u>\$ 59,211</u>	<u>\$ 588,690</u>

* School facilities as defined under EFCA.
 (NJAC 6A:26-1.2 and NJAC 6:24-1.3)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2019
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School package policy - NJ School Board Association Insurance Group		
Property - blanket buildings & contents	\$ 15,382,878	\$ 5,000
Data processing equipment	150,000	1,000
Equipment breakdown	100,000,000	5,000
Crime		
Employee blanket bond/per employee	100,000	1,000
Employee blanket bond/money & securities in/out	25,000	500
Employee blanket bond/money orders & counterfeit paper	25,000	500
Employee blanket bond/forgery & alteration per occurrence	100,000	1,000
Employee blanket bond/computer fraud per occurrence	100,000	500
General liability		
Bodily injury & property damage	6,000,000	None
Bodily injury products and completed operations	6,000,000	None
Sexual abuse	6,000,000	None
Personal and advertising injury	6,000,000	None
Employee benefits liability	6,000,000	1,000
Premises medical payments	10,000	None
Terrorism	1,000,000	None
Commercial automobile liability		
Bodily injury & property damage	6,000,000	None
Errors & omissions liability policy		
Coverage A	6,000,000	5,000
Coverage B	100,000	5,000
Workmen's Compensation - NJ School Board Association Insurance Group		
Bodily injury - by accident	2,000,000	None
Bodily injury - by disease	2,000,000	None
Bodily injury - by employee	2,000,000	None
Public employees' faithful performance bonds -		
Ohio Casualty Insurance Company		
Employee bond - Shannon DuBois-Brody, Business Administrator/ Board Secretary	200,000	None

Source: District records

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

EXHIBIT K-1

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

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Alloway Township School District
43 Cedar Street
Alloway, New Jersey 08001

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Alloway Township School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Alloway Township School District's basic financial statements, and have issued our report thereon dated November 13, 2019.

Internal Control Over Financial Reporting

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

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

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies 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 Alloway Township School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 13, 2019

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

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EXHIBIT K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
REQUIRED BY *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES,
AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE),
AND NEW JERSEY OMB'S CIRCULAR 15-08***

Independent Auditor's Report

The Honorable President and Members
of the Board of Education
Alloway Township School District
43 Cedar Street
Alloway, New Jersey 08001

Report on Compliance for Each Major State Program

We have audited the Alloway Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Alloway Township School District's major state programs for the year ended June 30, 2019. The Alloway Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Grants, State Grants, and State Aid. Those standards, the 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 Alloway Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Alloway Township School District's compliance.

Opinion on Each Major State Program

In our opinion, the Alloway Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Alloway Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Alloway Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB's 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 Alloway Township School District's internal control over compliance.

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

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

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

***Report on Schedules of Expenditures of Federal Awards and State Financial Assistance
Required by Uniform Guidance and New Jersey OMB's Circular 15-08***

We have audited the financial statements Alloway Township School District as of and for the year ended June 30, 2019, and have issued our report thereon dated November 13, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 13, 2019

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2018	Carryover/ (Waikover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2019			Memo Cumulative Total Expenditures
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I - Part A	84.010A	S010A180030	ESEA006019	\$114,065	07/1/18-	06/30/19			\$ 112,942	\$ (112,942)						\$ 112,942
Title II-A - Teacher & Principal Training	84.367	S367A180029	ESEA006019	22,086	07/1/18-	06/30/19			6,432	(6,432)						6,432
Title IV - Student Support and Academic Enrichment	84.424	S424A180031	ESEA006019	10,000	07/1/18-	06/30/19			10,000	(10,000)						10,000
Rural Education Achievement Program	84.358	S358B180030	S358A183604	29,103	07/1/18-	09/30/19			29,103	(29,103)						29,103
Special Education Cluster																
IDEA Part B, Basic Regular	84.027A	H027A180100	IDEA006019	94,443	07/1/18-	06/30/19			94,443	(94,443)						94,443
IDEA Part B, Preschool	84.173	H173A180114	IDEA006019	3,670	07/1/18-	06/30/19			3,670	(3,670)						3,670
Total Special Education Cluster									98,113	(98,113)						98,113
Total Special Revenue Fund									256,590	(256,590)						256,590
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Child Nutrition Cluster																
Food Distribution Program	10.555	191NJ304N1099	n/a	8,580	07/1/18-	06/30/19			8,580	(7,129)			\$ 1,451			7,129
Food Distribution Program	10.555	181NJ304N1099	n/a	10,414	07/1/17-	06/30/18	\$ 1,265			(1,265)						10,414
National School Lunch Program	10.555	191NJ304N1099	n/a	29,186	07/1/18-	06/30/19			28,098	(29,186)			\$ (1,088)			29,186
National School Lunch Program	10.555	181NJ304N1099	n/a	32,328	07/1/17-	06/30/18	(2,081)		2,081							32,328
Special Milk Program for Children	10.556	191NJ304N1099	n/a	125	07/1/18-	06/30/19			120	(125)			(5)			125
Special Milk Program for Children	10.556	181NJ304N1099	n/a	136	07/1/17-	06/30/18	(8)		8							136
Total Enterprise Fund/Child Nutrition Cluster							(824)		38,887	(37,705)			(1,093)	1,451		79,057
Total Federal Financial Awards							<u>(824)</u>		<u>\$ 295,477</u>	<u>\$ (294,295)</u>			<u>\$ (1,093)</u>	<u>\$ 1,451</u>		<u>\$ 335,647</u>

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

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2018			Cash Received	Budgetary Expenditures	Adjustment/Repayment of Prior Year's Balance	Balance at June 30, 2019			Memo		
				Deferred Revenue (Accts. Receivable)	Due to Grantor	Carryover/(Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund:															
State Aid Public:															
Equalization Aid	19-495-034-5120-078	\$ 3,016,688	07/1/18- 06/30/19				\$ 3,016,688	\$ (3,016,688)					\$ 288,325	\$ 3,016,688	
Special Education Categorical Aid	19-495-034-5120-089	370,315	07/1/18- 06/30/19				370,315	(370,315)					35,393	370,315	
Security Aid	19-495-034-5120-084	47,622	07/1/18- 06/30/19				47,622	(47,622)					4,552	47,622	
Transportation Aid	19-495-034-5120-014	218,309	07/1/18- 06/30/19				218,309	(218,309)					20,865	218,309	
Extraordinary Aid	19-495-034-5120-044	104,306	07/1/18- 06/30/19					(104,306)			\$ (104,306)			104,306	
Extraordinary Aid	18-495-034-5120-044	84,857	07/1/17- 06/30/18	\$ (84,857)			84,857							84,857	
Emergency Aid	19-495-34-5120-106	82,937	07/1/18- 06/30/19				82,937	(82,937)						82,937	
Nonpublic Transportation Costs	n/a	4,060	07/1/18- 06/30/19					(4,060)			(4,060)			4,060	
Nonpublic Transportation Costs	n/a	3,770	07/1/17- 06/30/18	(3,770)			3,770							3,770	
Reimbursed TPAF Social Security Contributions	19-100-034-5094-003	182,266	07/1/18- 06/30/19				182,266	(182,266)						182,266	
On-Behalf TPAF Post-retirement Medical	19-100-034-5094-001	221,985	07/1/18- 06/30/19				221,985	(221,985)						221,985	
On-Behalf TPAF Pension Contribution	19-100-034-5094-002	489,387	07/1/18- 06/30/19				489,387	(489,387)						489,387	
On-Behalf TPAF Long Term Disability	19-100-034-5094-004	360	07/1/18- 06/30/19				360	(360)						360	
Total General Fund				(88,627)			4,718,496	(4,738,235)			(108,366)		349,135	4,826,862	
Capital Projects Fund:															
SDA Grant	0060-020-14G2NF	182,796	01/06/14 -complete	(182,796)							(182,796)			182,796	
SDA Grant	0060-020-141002-G04	29,373	06/21/14 -complete	(29,373)							(29,373)			29,373	
Total Capital Projects Fund				(212,169)							(212,169)			212,169	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	19-100-010-3350-023	1,185	07/1/18- 06/30/19				1,141	(1,185)			(44)			1,185	
National School Lunch Program (State Share)	18-100-010-3350-023	1,274	07/1/17- 06/30/18	(82)			82							1,274	
Total Enterprise Fund				(82)			1,223	(1,185)			(44)			2,459	
Total State Financial Assistance				\$ (300,878)			\$ 4,719,719	\$ (4,739,420)			\$ (320,579)		\$ 349,135	\$ 5,041,490	
Less: On-Behalf TPAF Pension System Contributions								\$ (711,732)							
Total for State Financial Assistance - Major Program Determination								\$ (4,027,688)							

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

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2019**

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state activity of the Board of Education, Alloway Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements 2 CFR 200-*Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, New Jersey OMB's Circular 15-08, *Audits of States, Local Governments, and Non-Profit Organizations* and the *New Jersey State Aid/Grant Compliance Supplement*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44-.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes one or more June state aid payments in the current budget year, consistent with NJSA 18A:22-4-.2.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2019

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,882) for the General Fund and \$0 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented (See Exhibit B-2 and B-5):

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund		\$ 4,736,353	\$ 4,736,353
Special revenue fund	\$ 256,590		256,590
Food service fund	37,891	1,185	39,076
Total financial assistance	<u>\$ 294,481</u>	<u>\$ 4,737,538</u>	<u>\$ 5,032,019</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2019, Alloway Township School District has food commodities totaling \$1,451 in inventory.

NOTE 6: OTHER

The amount reported as the TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2019. The TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for the TPAF members for the year ended June 30, 2019.

NOTE 7: INDIRECT COST RATE

The Alloway Township School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2019**

**NOTE 8: ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT MAJOR
PROGRAM DETERMINATION**

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits, and Long-Term Disability Insurance Contributions are excluded from State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of State Financial Assistance reported in the District's financial statements and the amounts subject to State single audit and major program determination.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified? Yes No
- 2. Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to basic financial statements noted? Yes No

Federal Awards

N/A

State Awards

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

Auditee qualified as low-risk auditee? Yes No

Internal control over major programs:

- 1. Material weakness(es) identified? Yes No
- 2. Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB’s Circular 15-08? Yes No

Identification of major programs:

GMIS Numbers

Name of State Program

495-034-5120-078
495-034-5120-089
495-034-5120-084

State Aid Public:
Equalization Aid
Special Education Categorical Aid
Security Aid

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section II – Financial Statement Findings

None

Section III – State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

N/A

STATE AWARDS

None

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Status of Prior Year Findings: N/A

Finding N/A

Condition: N/A

Current status: N/A