

**DELAWARE TOWNSHIP
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2019

**Responsibility of the Management of
Delaware Township School District
Hunterdon County, New Jersey**



**DELAWARE TOWNSHIP
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

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**DELAWARE TOWNSHIP SCHOOL DISTRICT
501 ROSEMONT ROAD
RINGOES, NEW JERSEY 08557
Phone (609) 397-3179
Fax (609) 397-1485**

Richard Weiner
Chief School Administrator

Susan Joyce
Business Administrator/Board Secretary

December 12, 2019

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

The comprehensive annual financial report of the Delaware Township School District for the fiscal year ended 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 District. 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: introduction, financial, statistical and single audit. The introduction section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB 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 report of the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

Delaware Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Delaware Township School District and the school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. This includes regular, as well as special education for special need students. The District completed the 2018-2019 Fiscal Year with an enrollment of 373 students. The following details the changes in the student enrollment of the district over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2009-2010	480.0	-0.42%
2010-2011	458.0	-4.58%
2011-2012	479.0	4.59%
2012-2013	432.0	-9.81%
2013-2014	408.0	-5.56%
2014-2015	411.0	0.74%
2015-2016	400.2	-2.63%
2016-2017	384.2	-4.16%
2017-2018	389.0	1.01%
2018-2019	372.9	-4.14%

2) INTERNAL ACCOUNTING CONTROLS:

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

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

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

3) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2019.

4) ACCOUNTING SYSTEM AND REPORTS:

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

5) FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management for the fiscal year ended June 30, 2019.

6) DEBT ADMINISTRATION:

At June 30, 2019 the District had outstanding debt issues of \$1,045,000 at an interest rate of 4.00%.

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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


9) OTHER INFORMATION:

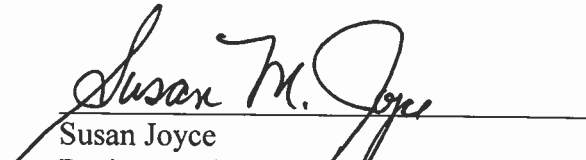
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPAs, PC, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS:

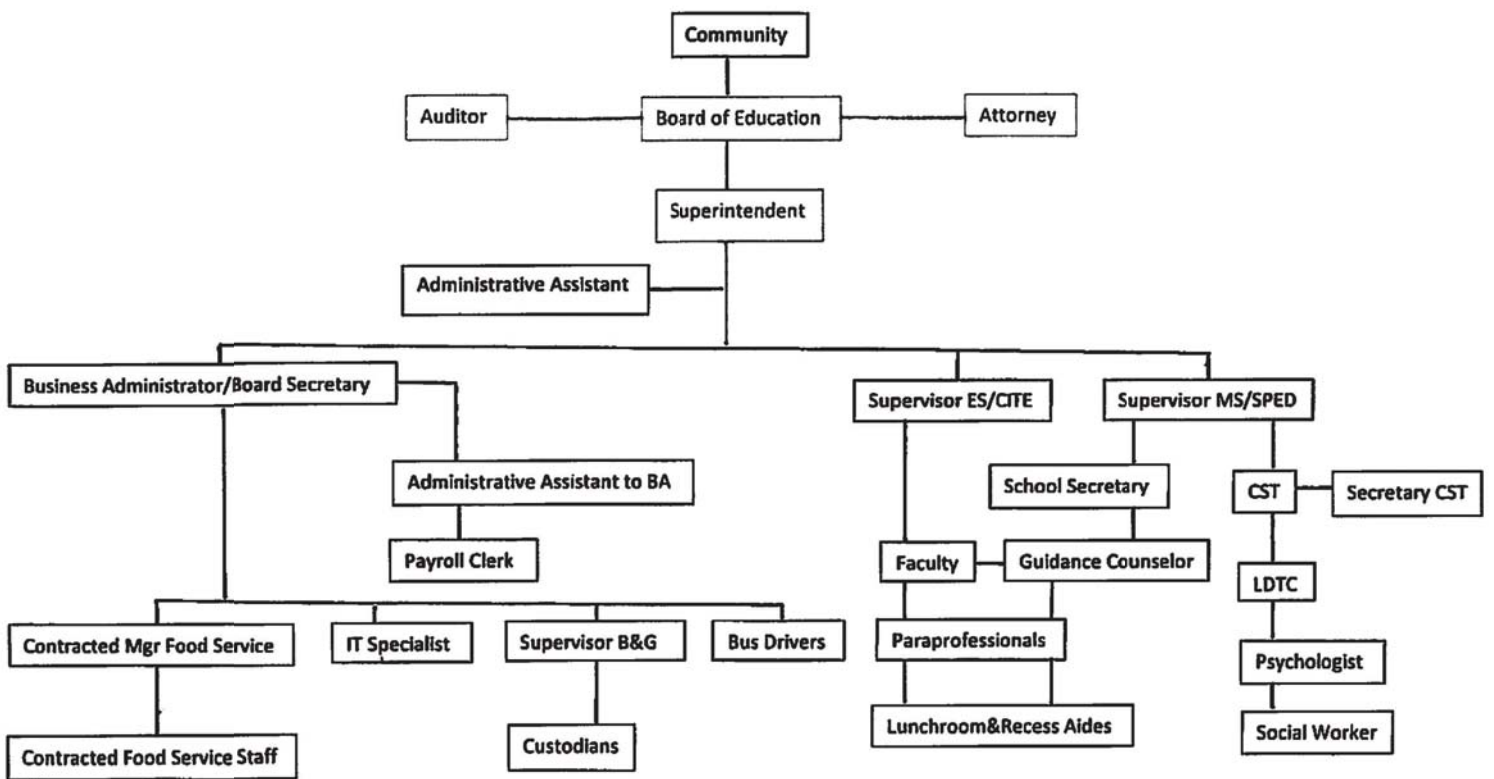
We would like to express our appreciation to the members of Delaware Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,


Richard Weiner
Chief School Administrator


Susan Joyce
Business Administrator/Board Secretary

Delaware Township Board of Education Organizational Chart



JUNE 2016

DELAWARE TOWNSHIP SCHOOL DISTRICT
Delaware, New Jersey
Roster of Officials
June 30, 2019

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Linda Ubry	President	2019
Kristen Devlin	Vice-President	2020
David Cooper		2019
Cathy Pouria		2019
Laura Hornby		2020
Anne May		2020
Rebecca Burn		2021
Tate Hoffman		2021
Mary Lyons		2021
 <u>Other Officials</u>		
Dr. Richard Wiener	Superintendent	
Susan Joyce	Board Secretary/School Business Administrator	
Kathy Racile	Middle School and Child Study Team Supervisor	
Patricia Pillon	Elementary School and Curriculum Supervisor	

DELAWARE TOWNSHIP SCHOOL DISTRICT
Delaware, New Jersey
Consultants and Advisors
June 30, 2019

AUDIT FIRM

BKC, CPAs, PC
114 Broad Street
Flemington, NJ 08822

ARCHITECT

Gianforcaro
555 East Main Street
Suite One
Chester, NJ 07930

ATTORNEY

Comegno Law Group
521 Pleasant Valley Avenue
Moorestown, NJ 08057

Fogarty & Hara, ESQS.
21-00 Route 208 South
Fair Lawn, NJ 07410

OFFICIAL DEPOSITORY

PNC Bank
P.O. Bank 6000
Bridgewater, NJ 08807-0010



Certified Public Accountants, PC

www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Delaware Township School District (the District) in the County of Hunterdon, as of and for the 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 District'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 opinion.

Opinion

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 Delaware Township School District, 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 Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

The combining and individual fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introduction 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 December 12, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BKC, CPAs, PC

BKC, CPAs, PC

MU

Michael Holk, CPA, PSA

NO. 20CS00265600

December 12, 2019
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

DELAWARE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

The discussion and analysis of the Delaware Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- In total, net position increased \$1,148,251 which represents a 14.16% increase from 2018.
- General revenues accounted for \$12,903,841, or 96.81% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$425,188 or 3.19% of total revenues of \$13,329,029.
- Total assets of governmental activities increased by \$518,566 as cash and cash equivalents increased by \$927,229 receivables and other assets decreased by \$46,051 and capital assets decreased by \$362,612.
- The School District had \$12,179,206 in expenses; only \$425,188 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$12,903,841 were adequate to provide for these programs.
- The general fund had \$10,683,279 in revenues and \$9,803,954 in expenditures. The general fund's balance increased \$879,325 over 2018.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Delaware Township School District as a financially whole operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of the Delaware Township School District, the general fund is by far the most significant fund.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during Fiscal Year 2018-2019?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District reports governmental and business activities. Governmental activities are the activities where most of the School District's programs and services are reported, including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Business activities are the services provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The food service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that

DELAWARE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for June 30, 2019 compared to June 30, 2018.

Table 1
Net Position

	06/30/19	06/30/18	Variance	
			Dollars	Percent
Assets				
Current & Other Assets	\$ 5,023,716	\$ 4,138,881	\$ 884,835	21.38%
Capital Assets	7,626,298	7,987,186	(360,888)	-4.52%
Total Assets	12,650,014	12,126,067	523,947	4.32%
Deferred Outflows of Resources				
Deferred amount of pension activity	626,751	484,828	141,923	29.27%
Total deferred outflows of resources	626,751	484,828	141,923	29.27%
Liabilities				
Long Term Liabilities	2,885,071	3,412,783	(527,712)	-15.46%
Other Liabilities	33,368	36,590	(3,222)	-8.81%
Total Liabilities	2,918,439	3,449,373	(530,934)	-15.39%
Deferred Inflows of Resources	1,098,517	1,049,964	48,553	4.62%
Net Position				
Net Investment in Capital Assets	6,581,298	6,452,186	129,112	2.00%
Restricted	4,611,088	3,786,910	824,178	21.76%
Unrestricted	(1,932,577)	(2,127,538)	194,961	9.16%
Total Net Position	\$ 9,259,809	\$ 8,111,558	\$ 1,148,251	14.16%

Total assets increased by \$523,947. Cash and cash equivalents increased by \$931,382, receivables and other assets decreased by \$46,547 and capital assets decreased by \$360,888. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements of the School District, increased by \$194,961.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2019 compared to June 30, 2018.

Table 2
Changes in Net Position

	06/30/19	06/30/18	Variance	
			Dollars	Percent
Revenues				
Program Revenues				
Charges for Services	\$ 235,031	\$ 237,656	\$ (2,625)	-1.10%
Operating Grants & Contributions	190,157	192,071	(1,914)	-1.00%
General Revenues				
Property Taxes	8,542,260	8,343,502	198,758	2.38%
Unrestricted Grants	4,273,176	5,113,504	(840,328)	-16.43%
Other	88,405	57,641	30,764	53.37%
Total Revenues	<u>13,329,029</u>	<u>13,944,374</u>	<u>(615,345)</u>	-4.41%
Program Expenses				
Instruction				
Regular	5,881,420	6,395,199	(513,779)	-8.03%
Special	1,441,043	1,371,681	69,362	5.06%
Other	553,402	603,928	(50,526)	-8.37%
Support Services				
Tuition	233,092	239,899	(6,807)	-2.84%
Student & Instructional Related Services	1,584,472	1,630,322	(45,850)	-2.81%
General & Business Administration	902,091	928,664	(26,573)	-2.86%
School Administration	133,910	141,030	(7,120)	-5.05%
Maintenance	832,754	835,701	(2,947)	-0.35%
Transportation	425,869	394,856	31,013	7.85%
Food Service	106,325	109,601	(3,276)	-2.99%
Interest on Long Term Debt	84,828	133,232	(48,404)	-36.33%
Total Expenses	<u>12,179,206</u>	<u>12,784,113</u>	<u>(604,907)</u>	-4.73%
Increase (decrease) in net position before special item	1,149,823	1,160,261	(10,438)	-0.90%
Special Item:				
Gain/(Loss) on Disposal of Assets	(1,572)	-	(1,572)	*
Increase (decrease) in net position	<u>\$ 1,148,251</u>	<u>\$ 1,160,261</u>	<u>\$ (12,010)</u>	-1.04%

* = Undefined

DELAWARE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Governmental Activities

Property taxes made up 64.09% of revenues for district-wide activities for the Delaware Township School District for Fiscal Year 2019.

Instruction comprises 64.67% of district expenses. Support services expenses make up 35.33% of district expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the district's taxpayers by each of these functions.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/19	06/30/18	06/30/19	06/30/18
Instruction	\$ 7,875,865	\$ 8,370,808	\$ 7,705,596	\$ 8,187,622
Support Services				
Tuition	233,092	239,899	184,634	194,899
Student & Instructional Staff	1,584,472	1,630,322	1,540,171	1,579,212
General & Business Administration	902,091	928,664	854,091	892,664
School Administration	133,910	141,030	133,910	141,030
Plant Operations & Maintenance	832,754	835,701	830,254	833,201
Pupil Transportation	425,869	394,856	425,869	394,856
Food Service	106,325	109,601	(5,335)	(2,330)
Interest on Long-Term Debt	84,828	133,232	84,828	133,232
	<u>\$ 12,179,206</u>	<u>\$ 12,784,113</u>	<u>\$ 11,754,018</u>	<u>\$ 12,354,386</u>

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

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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

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

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

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

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

The dependence upon tax revenue is apparent. For all activities general revenue support is 96.81%. The community, as a whole, are the primary support for the Delaware Township School District.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$11,394,788 and expenditures of \$10,519,326.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the general fund.

The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. During the course of the Fiscal Year 2019, the School District amended its general fund budget as needed for tuition revenue and expenditures of specific special education programs as allowed by law.

For the general fund, budget revenue was \$ 9,454,402, \$160,854 over original budgeted estimates of \$9,293,548. This difference was due primarily to additional tuition from individuals and other miscellaneous revenues.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Capital Assets

At the end of the Fiscal Year 2019, the School District had \$7,626,298 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2019 balances compared to 2018.

Table 4
Capital Assets at Year End (Net of Depreciation)

	06/30/19	06/30/18	Variance	
			Dollars	Percent
Land	\$ 20,000	\$ 20,000	\$ -	0.00%
Construction in Progress	35,174	86,303	(51,129)	-59.24%
Land Improvements	287,966	301,560	(13,594)	-4.51%
Buildings & Improvements	7,114,121	7,428,960	(314,839)	-4.24%
Machinery & Equipment	128,526	100,494	28,032	27.89%
Vehicles	40,511	49,869	(9,358)	-18.77%
	<u>\$ 7,626,298</u>	<u>\$ 7,987,186</u>	<u>\$ (360,888)</u>	<u>-4.52%</u>

Overall capital assets decreased \$360,888 from Fiscal Year 2018 to Fiscal Year 2019. Increases in capital assets of \$139,450 were offset by depreciation expenses of \$498,766 and disposal of equipment of \$1,572 for the year.

Long-term liabilities

At June 30, 2019, the School District had \$2,885,071 of long-term liabilities. This amount is detailed in Table 5 below.

At June 30, 2019, the legal debt limit is \$26,103,097. General obligation debt at June 30, 2019 is \$1,045,000 resulting in a legal debt margin of \$25,058,097.

Table 5
Long-Term Liabilities at Year End

	06/30/19	06/30/18	Variance	
			Dollars	Percent
General Obligation Bonds	\$ 1,045,000	\$ 1,535,000	\$ (490,000)	-31.92%
Compensated Absences	98,320	92,816	5,504	5.93%
PERS Liability	1,741,751	1,784,967	(43,216)	-2.24%
	<u>\$ 2,885,071</u>	<u>\$ 3,412,783</u>	<u>\$ (527,712)</u>	<u>-15.46%</u>

DELAWARE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

For the Future

It is the opinion of the Superintendent and Business Administrator that the Delaware Township School District is presently in good financial condition. However, future finances are not without challenges as the State continues to impose unfunded mandates on schools while simultaneously restricting the ability to fiscally manage school budgets.

In conclusion, the Delaware Township School District has committed itself to an excellent system for financial planning, budgeting and internal financial controls. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, please contact Susan Joyce, School Business Administrator at the Delaware Township Board of Education, 501 Rosemont Road Ringoes, New Jersey 08557 or email at joycesusan@dtsk8.org.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 217,869	\$ 13,750	\$ 231,619
Receivables, net	174,531	3,743	178,274
Inventory	-	2,735	2,735
Restricted cash and cash equivalents	4,611,088	-	4,611,088
Capital assets, net			
Land	20,000	-	20,000
Construction in progress	35,174	-	35,174
Other capital assets, net of depreciation	7,569,400	1,724	7,571,124
Total assets	12,628,062	21,952	12,650,014
Deferred outflows of resources			
Deferred amount on pension activity	626,751	-	626,751
Total deferred outflows of resources	626,751	-	626,751
Liabilities			
Accounts payable	3,176	199	3,375
Accrued interest	19,158	-	19,158
Unearned revenue	7,375	3,460	10,835
Long-term liabilities			
Due within one year	510,000	-	510,000
Due beyond one year	2,375,071	-	2,375,071
Total liabilities	2,914,780	3,659	2,918,439
Deferred inflows of resources			
Deferred amount on pension liability	1,098,517	-	1,098,517
Net position			
Net investment in capital assets	6,579,574	1,724	6,581,298
Restricted for			
Capital reserve	3,819,243	-	3,819,243
Emergency reserve	174,639	-	174,639
Maintenance reserve	599,613	-	599,613
Capital projects	17,593	-	17,593
Unrestricted	(1,949,146)	16,569	(1,932,577)
Total net position	\$ 9,241,516	\$ 18,293	\$ 9,259,809

See accompanying notes to financial statements.

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

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,899,938	\$ 2,981,482	\$ 99,056	\$ 53,257	\$ -	\$ (5,729,107)	\$ -	\$ (5,729,107)
Special education	753,779	687,264	-	1,199	-	(1,439,844)	-	(1,439,844)
Other special education	159,063	168,407	-	16,757	-	(310,713)	-	(310,713)
Other instruction	98,831	127,101	-	-	-	(225,932)	-	(225,932)
Support services								
Tuition	233,092	-	-	48,458	-	(184,634)	-	(184,634)
Students & instruction related services	957,370	627,102	-	44,301	-	(1,540,171)	-	(1,540,171)
General & business administration services	544,724	357,367	48,000	-	-	(854,091)	-	(854,091)
School administration services	75,156	58,754	-	-	-	(133,910)	-	(133,910)
Plant operations & maintenance	740,146	92,608	2,500	-	-	(830,254)	-	(830,254)
Pupil transportation	414,802	11,067	-	-	-	(425,869)	-	(425,869)
Interest on long-term debt	84,828	-	-	-	-	(84,828)	-	(84,828)
Total governmental activities	<u>6,961,729</u>	<u>5,111,152</u>	<u>149,556</u>	<u>163,972</u>	<u>-</u>	<u>(11,759,353)</u>	<u>-</u>	<u>(11,759,353)</u>
Business-type activities								
Food service	106,325	-	85,475	26,185	-	-	5,335	5,335
Total business-type activities	<u>106,325</u>	<u>-</u>	<u>85,475</u>	<u>26,185</u>	<u>-</u>	<u>-</u>	<u>5,335</u>	<u>5,335</u>
Total primary government	<u>\$ 7,068,054</u>	<u>\$ 5,111,152</u>	<u>\$ 235,031</u>	<u>\$ 190,157</u>	<u>\$ -</u>	<u>(11,759,353)</u>	<u>5,335</u>	<u>(11,754,018)</u>
			General revenues, special items and transfers					
						7,994,723	-	7,994,723
						547,537	-	547,537
						4,273,176	-	4,273,176
						46,488	-	46,488
						41,917	-	41,917
						(1,572)	-	(1,572)
						<u>12,902,269</u>	<u>-</u>	<u>12,902,269</u>
						1,142,916	5,335	1,148,251
						<u>8,098,600</u>	<u>12,958</u>	<u>8,111,558</u>
						<u>\$ 9,241,516</u>	<u>\$ 18,293</u>	<u>\$ 9,259,809</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

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

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 217,869	\$ -	\$ -	\$ -	\$ 217,869
Due from other funds	66,142	-	-	-	66,142
Receivables from other governments					
State	104,389	-	-	-	104,389
Federal	-	70,142	-	-	70,142
Restricted cash and cash equivalents	4,593,495	-	17,593	-	4,611,088
Total assets	\$ 4,981,895	\$ 70,142	\$ 17,593	\$ -	\$ 5,069,630
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 66,142	\$ -	\$ -	\$ 66,142
Accounts payable	3,176	-	-	-	3,176
Unearned revenue	3,375	4,000	-	-	7,375
Total liabilities	6,551	70,142	-	-	76,693

See accompanying notes to financial statements.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2019

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Capital projects fund balance	\$ -	\$ -	\$ 17,593	\$ -	\$ 17,593
Excess surplus - designated for subsequent year's expenditures	71,599	-	-	-	71,599
Excess surplus - current year	56,228	-	-	-	56,228
Capital reserve	3,819,243	-	-	-	3,819,243
Emergency reserve	174,639	-	-	-	174,639
Maintenance reserve	599,613	-	-	-	599,613
Committed fund balance					
Encumbrances	25,812	-	-	-	25,812
Assigned fund balance					
Designated for subsequent year's expenditures	15,353	-	-	-	15,353
Unassigned fund balance	212,857	-	-	-	212,857
Total fund balances	4,975,344	-	17,593	-	4,992,937
Total liabilities and fund balances	\$ 4,981,895	\$ 70,142	\$ 17,593	\$ -	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$16,545,711 and the accumulated depreciation is \$8,921,137.	7,624,574
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(471,766)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,885,071)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(19,158)
Total net position of governmental activities	\$ 9,241,516

See accompanying notes to financial statements.

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 7,994,723	\$ -	\$ -	\$ 547,537	\$ 8,542,260
Tuition charges					
Individuals	90,750	-	-	-	90,750
Other LEAs within the state	8,306	-	-	-	8,306
Interest on investments	46,488	-	-	-	46,488
Rents and royalties	2,500	-	-	-	2,500
Miscellaneous	89,917	4,000	-	-	93,917
Total local sources	<u>8,232,684</u>	<u>4,000</u>	<u>-</u>	<u>547,537</u>	<u>8,784,221</u>
State sources	2,450,595	-	-	-	2,450,595
Federal sources	-	159,972	-	-	159,972
Total revenues	<u>10,683,279</u>	<u>163,972</u>	<u>-</u>	<u>547,537</u>	<u>11,394,788</u>
Expenditures					
Current					
Instructional					
Regular instruction	2,868,748	31,190	-	-	2,899,938
Special education instruction	752,580	1,199	-	-	753,779
Other special instruction	142,306	16,757	-	-	159,063
Other instruction	98,831	-	-	-	98,831
Support service & undistributed costs					
Tuition	184,634	48,458	-	-	233,092
Student & instruction related services	913,069	44,301	-	-	957,370
General & business administrative services	544,724	-	-	-	544,724
School administrative services	75,156	-	-	-	75,156
Plant operations & maintenance	740,146	-	-	-	740,146
Pupil transportation	414,802	-	-	-	414,802
Unallocated benefits	2,920,962	-	-	-	2,920,962

See accompanying notes to financial statements.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 115,584	\$ 22,067	\$ -	\$ -	\$ 137,651
Debt service					
Principal	-	-	-	490,000	490,000
Interest & other charges	32,412	-	-	61,400	93,812
Total expenditures	<u>9,803,954</u>	<u>163,972</u>	<u>-</u>	<u>551,400</u>	<u>10,519,326</u>
Net change in fund balance	879,325	-	-	(3,863)	875,462
Fund balances, July 1	<u>4,096,019</u>	<u>-</u>	<u>17,593</u>	<u>3,863</u>	<u>4,117,475</u>
Fund balances, June 30	<u><u>\$ 4,975,344</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,593</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,992,937</u></u>

See accompanying notes to financial statements.

DELAWARE 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 Fiscal Year Ended June 30, 2019

Total net changes in fund balances - governmental fund (from B-2) \$ 875,462

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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 137,651	
Depreciation expense	(498,691)	
Gain (loss) on disposal of assets	<u>(1,572)</u>	(362,612)

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Debt principal payments	490,000
-------------------------	---------

Governmental funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

136,586

See accompanying notes to financial statements.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2019

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 a reconciling item. \$ 8,984

In the Statement of Activities, compensated absences and early retirement benefits 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. (5,504)

Change in net position of governmental activities \$ 1,142,916

See accompanying notes to financial statements.

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

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 13,750
Receivables from other governments	
State	192
Federal	3,551
Inventory	2,735
Total current assets	<u>20,228</u>
Noncurrent assets	
Capital assets	130,319
Less: accumulated depreciation	128,595
Total noncurrent assets	<u>1,724</u>
Total assets	<u>21,952</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	1,190
Unearned revenues - prepaid sales	2,270
Accounts payable	199
Total liabilities	<u>3,659</u>
Net position	
Net investment in capital assets	1,724
Unrestricted	16,569
Total net position	<u><u>\$ 18,293</u></u>

See accompanying notes to financial statements.

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

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 42,394
Daily sales - non-reimbursable programs	43,081
Total operating revenues	85,475
Operating expenses	
Cost of sales - reimbursable programs	27,578
Cost of sales - non-reimbursable programs	20,852
Commodity food costs	8,368
Salaries	25,708
Support services - employee benefits	3,532
Purchased professional/technical services	1,877
Purchased property services	4,919
Other purchased services	
Insurance	3,264
Management fee	8,180
Supplies and materials	418
Depreciation	75
Miscellaneous expenditures	1,554
Total operating expenses	106,325
Operating income (loss)	(20,850)
Non-operating revenues (expenses)	
State sources	
State school lunch program	919
Federal sources	
National school lunch program	
Cash assistance	16,898
Non cash assistance (commodities)	8,368
Total non-operating revenues (expenses)	26,185
Change in net position	5,335
Net position, beginning	12,958
Net position, ending	\$ 18,293

See accompanying notes to financial statements.

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

	Food Service Fund
Cash flows from operating activities	
Receipts from customers (net)	\$ 85,059
Payments to Food Service Management Company	(92,303)
Payments to vendors (net)	(5,087)
Net cash provided by (used for) operating activities	(12,331)
Cash flows from non-capital financing activities	
State sources	806
Federal sources	14,704
Net interfund transactions	2,773
Net cash provided by (used for) noncapital financing activities	18,283
Cash flows from capital financing activities	
Acquisition of equipment	(1,799)
Net cash provided by (used for) investing activities	(1,799)
Net increase (decrease) in cash and cash equivalents	4,153
Cash and cash equivalents, beginning	9,597
Cash and cash equivalents, ending	\$ 13,750
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (20,850)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	75
Federal food donation program	8,368
Increase (decrease) in accounts payable	199
(Increase) decrease in inventory	30
Increase (decrease) in unearned revenue	(153)
Net cash provided by (used for) operating activities	\$ (12,331)

See accompanying notes to financial statements.

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

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
Assets				
Cash and cash equivalents	\$ 99,041	\$ 952	\$ 25,470	\$ 12,526
Total assets	<u>\$ 99,041</u>	<u>\$ 952</u>	<u>\$ 25,470</u>	<u>\$ 12,526</u>
Liabilities				
Due to student groups	\$ -	\$ -	\$ 25,470	\$ -
FSA Section 125 Plan	-	-	-	12,367
Payroll deductions and withholdings	-	-	-	159
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 25,470</u>	<u>\$ 12,526</u>
Net position				
Held in trust for unemployment claims and other purposes	<u>\$ 99,041</u>	<u>\$ 952</u>		

See accompanying notes to financial statements.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2019

	Unemployment Compensation Fund	Private Purpose Scholarship Fund
	<u> </u>	<u> </u>
Additions		
Contributions		
Employee contributions	\$ 8,013	\$ -
Investment earnings - interest	816	8
Total additions	<u>8,829</u>	<u>8</u>
Deductions		
Unemployment claims	<u>6,745</u>	<u>-</u>
Total deductions	<u>6,745</u>	<u>-</u>
Change in net position	2,084	8
Net position, beginning of the year	<u>96,957</u>	<u>944</u>
Net position, end of the year	<u>\$ 99,041</u>	<u>\$ 952</u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2019 of 373 students.

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

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)
Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, 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 accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

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.

Additionally, the District reports the following fund types:

Proprietary fund types

Proprietary Fund - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District.

Enterprise Fund - The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise fund is comprised of the food service fund.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
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Fiduciary fund types

Trust and Agency Funds - This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the trust and agency funds of the District.

Private Purpose Scholarship Fund - This fund is used to account for scholarship accounts donated to the District to be utilized for scholarship awards to qualifying students.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board Resolution.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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.

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. Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the Fiscal Year 2018-2019 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements & portable classroom	50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement Number 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of estimates

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

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension contributions, reimbursed TPAF Social Security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, deferred amount on pension activity and deferred amount on refunding bond issue. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et. seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the School District in accordance with the Schedule of Tax Installments as certified by the School District's Board of Education on an annual basis.

Note 3 - Deposits, cash equivalents, and investments

Cash and cash equivalents include petty cash, change funds, cash and certificates of deposit in banks. As of June 30, 2019, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits, cash equivalents, and investments (continued)

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2019, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	4,956,298
Total bank balances	<u>\$ 5,206,298</u>

Deposits at June 30, 2019 appear in the financial statements as summarized below:

Cash and cash equivalents		<u>\$ 4,980,696</u>
	<u>Ref.</u>	
Unrestricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	\$ 217,869
Enterprise funds, Statement of Net Position	B-4	13,750
Fiduciary funds, Statement of Net Position	B-7	137,989
Restricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	4,611,088
Total cash and cash equivalents		<u>\$ 4,980,696</u>

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets
Capital asset activity for the fiscal year ended June 30, 2019 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in progress	86,303	44,659	95,788	35,174
Total	<u>106,303</u>	<u>44,659</u>	<u>95,788</u>	<u>55,174</u>
Capital assets, being depreciated				
Land improvements	599,925	16,335	9,497	606,763
Building & improvements	15,029,986	113,938	5,071	15,138,853
Furniture & equipment	603,758	58,507	6,000	656,265
Vehicles	88,656	-	-	88,656
Total	<u>16,322,325</u>	<u>188,780</u>	<u>20,568</u>	<u>16,490,537</u>
Accumulated depreciation				
Land improvements	298,365	29,929	9,497	318,797
Building & improvements	7,601,026	427,205	3,499	8,024,732
Furniture & equipment	503,264	30,475	6,000	527,739
Vehicles	38,787	11,082	-	49,869
Total	<u>8,441,442</u>	<u>498,691</u>	<u>18,996</u>	<u>8,921,137</u>
Total capital assets being depreciated, net	<u>7,880,883</u>	<u>(309,911)</u>	<u>1,572</u>	<u>7,569,400</u>
Transfers	-	(95,788)	(95,788)	-
Governmental activities capital assets, net	<u>\$ 7,987,186</u>	<u>\$ (361,040)</u>	<u>\$ 1,572</u>	<u>\$ 7,624,574</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 141,960	\$ 1,799	\$ 13,440	\$ 130,319
Less: accumulated depreciation	141,960	75	13,440	128,595
Business type activities capital assets, net	<u>\$ -</u>	<u>\$ 1,724</u>	<u>\$ -</u>	<u>\$ 1,724</u>

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)
 Depreciation expense was charged to governmental functions in the current year as follows:

Instruction			
Regular	\$	254,839	
Special education		67,158	
Other special instruction		14,172	
Other instruction		8,805	
Support services			
Student & instruction		85,297	
General & business administration		48,532	
School administration		6,696	
Plant maintenance		2,110	
Transportation		11,082	
Total depreciation expense, governmental activities	\$	498,691	

Note 5 - Long-term debt
 Long-term liability activity for the year ended June 30, 2019 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 1,535,000	\$ -	\$ 490,000	\$ 1,045,000	\$ 510,000
Compensated absences payable	92,816	5,504	-	98,320	-
PERS net pension liability	1,784,967	-	43,216	1,741,751	-
Total governmental activities long-term liabilities	\$ 3,412,783	\$ 5,504	\$ 533,216	\$ 2,885,071	\$ 510,000

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2019, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 510,000	\$ 41,800	\$ 551,800
2021	535,000	21,400	556,400
Total	\$ 1,045,000	\$ 63,200	\$ 1,108,200

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

General Obligation Bonds - General obligation school building bonds payable at June 30, 2019, with their outstanding balances are comprised of the following individual issues:

\$3,750,000 - 2005 refunding general obligation bonds, due in annual installments of \$90,000 to \$535,000, beginning January 15, 2010, through January 15, 2021, interest at 3.50% to 4.25%.	<u>\$ 1,045,000</u>
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The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2019 is \$26,103,097. General obligation debt at June 30, 2019 is \$1,045,000, resulting in a legal debt margin of \$25,058,097.

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following defined benefit public employee retirement systems which have been established by state statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The TPAF retirement system is considered a multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers.

A. Public employees' retirement systems (PERS)

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of PERS.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
A. Public employees' retirement systems (PERS) (continued)
Plan description (continued)

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2018.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2018. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For State Fiscal Year 2018, the State's pension contribution was less than the actuarial determined amount.

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

The District's contractually required contribution rate for the year ended June 30, 2019 was 14.28% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.20% effective July 1, 2016 and increased annually on July 1st until reaching 7.50% of base salary effective July 1, 2018. The District contributed \$88,178 for the year ending June 30, 2019.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of measurement date June 30, 2018:

Total pension liability	\$	3,753,535
Plan fiduciary net position		2,011,784
Net pension liability	\$	1,741,751

Plan fiduciary net position as a percentage of the total pension liability	53.60%
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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:

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

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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

Discount rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent state fiscal year.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate (continued)

The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2018 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (5.66%)	\$	1,741,751
At a 1% lower rate (4.66%)		2,190,051
At a 1% higher rate (6.66%)		1,365,656

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2019 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,215	\$ 8,981
Changes of assumptions	287,012	556,919
Net difference between projected and actual earnings on pension plan investments	-	16,338
Changes in proportion and differences between District contributions and proportionate share of contributions	218,534	516,279
District contributions subsequent to the measurement date	87,990	-
Total	\$ 626,751	\$ 1,098,517

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The amount 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) of \$87,990 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2018 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 42,030	\$ (8,815)	\$ 33,215
Changes of assumptions	359,609	(72,597)	287,012
Differences between projected and actual investment earnings on pension plan investments	12,154	(12,154)	-
Deferred inflows of resources			
Differences between expected and actual experience	-	(8,981)	(8,981)
Changes of assumptions	(358,291)	(198,628)	(556,919)
Differences between projected and actual investment earnings on pension plan investments	-	(16,338)	(16,338)
Net of deferred outflows	<u>\$ 55,502</u>	<u>\$ (317,513)</u>	<u>\$ (262,011)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Year Ending June 30,

2019	\$ 12,089
2020	(16,737)
2021	(120,017)
2022	(104,033)
2023	(33,313)
Total	<u>\$ (262,011)</u>

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense

For the year ended June 30, 2018, the District recognized net pension expense of (\$48,596), which represents the District's proportionate share of allocable plan pension expense of \$96,554, less other adjustments to the net pension liability of \$16,955, and less the net amortization of deferred amounts from changes in proportion of \$128,195. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2018 measurement date are as follows:

Service cost	\$	82,214
Interest on total pension liability		197,647
Member contributions		(47,211)
Administrative expense		1,308
Expected investment return net of investment expense		(124,090)
Pension expense related to specific liabilities of individual employers		(727)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		13,333
Amortization of expected versus actual experience		(15,350)
Amortization of projected versus actual investment earnings on pension plan investments		(10,570)
Pension expense	\$	96,554

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher’s pension and annuity fund (TPAF) (continued)
Plan description (continued)

The following represents the membership tiers for TPAF:

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

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

Contributions

The State’s pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State Fiscal Year 2018, the State’s pension contribution was less than the actuarial determined amount.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the state is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. During the State fiscal year ending June 30, 2018, the State of New Jersey contributed \$521,941 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and increased annually on July 1st until reaching 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

Components of net pension liability

For purposes of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal year ended June 30, 2018 measurement date is as follows:

State's proportionate share of net pension liability	\$	21,965,861
District's proportionate share of net pension liability		-
Employer pension expense and related revenue		1,280,533
Non-employer contribution		521,941
Allocable proportionate percentage		.0345278264%

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Collective net pension liability and actuarial information (continued)
Components of net pension liability (continued)

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ending June 30, 2018 measurement date are as follows:

Service cost	\$ 767,497
Interest on total pension liability	1,328,213
Member contributions	(279,159)
Administrative expense	4,552
Expected investment return net of investment expense	(528,837)
Pension expense related to specific liabilities of individual employers	(119)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	68,020
Amortization of expected versus actual experience	(33,899)
Amortization of projected versus actual investment earnings on pension plan investments	(45,735)
Pension expense	<u>\$ 1,280,533</u>

As detailed earlier, the District was not required to report a liability for its proportionate share of net pension expense for TPAF due to a special funding situation. The State's proportionate share of the net pension liability for TPAF as of June 30, 2018 measurement date is as follows:

Total pension liability	\$ 29,880,742
Plan fiduciary net position	7,914,881
Net pension liability	<u>\$ 21,965,861</u>

Plan fiduciary net position as a percentage of the total pension liability 26.49%

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 (based on age)	
2011 - 2026	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial study for the period July 1, 2012 to June 30, 2015.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Collective net pension liability and actuarial information(continued)

Components of net pension liability (continued)

Preretirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Postretirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 measurement date are summarized in the following table:

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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher’s pension and annuity fund (TPAF) (continued)

Collective net pension liability and actuarial information(continued)

Discount rate

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent state fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2018 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District’s Proportionate Share of the Net Pension Liability

At current discount rate (4.86%)	\$ 21,965,861
At a 1% lower rate (3.86%)	25,963,231
At a 1% higher rate (5.86%)	18,652,139

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2019) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ending 2019 was \$14,739.

D. Other pension plan information

During the year ended June 30, 2019, the State of New Jersey contributed \$301,211 to the TPAF for postretirement medical benefits, \$13,615 for non-contributory insurance premiums, \$253 for long term disability insurance, and \$650,433 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$259,460 during the year ended June 30, 2019 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State provides postretirement 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 postretirement 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 re-measured total OPEB liability in Fiscal Year 2017.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2018 measurement date is as follows:

State's proportionate share of the OPEB liability	\$	46,110,832,982
District's proportionate share of the State's OPEB liability		18,665,700
Employer OPEB expense and related revenue		542,048
Allocable proportionate percentage		.0404800755%

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)
Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2017	\$ 22,493,672
Service cost	586,868
Interest cost	817,734
Change of benefit terms	-
Differences between expected and actual experiences	(2,608,728)
Changes of assumptions	(2,141,982)
Member contributions	17,250
Gross benefit payments	(499,114)
Total OPEB liability at June 30, 2018	\$ 18,665,700

There were no changes of the benefit terms from June 30, 2017 to June 30, 2018.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The total non-employer 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 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%
	TPAF	PERS
	(based on years of service)	(based on age)
Salary increases		
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

Preretirement 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. Postretirement 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.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

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 TPAF, PERS and PFRS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health care trend assumptions

For Pre-Medicare Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2018 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.87%)	\$ 18,665,700
At a 1% lower rate (2.87%)	22,066,657
At a 1% higher rate (4.87%)	15,962,290

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)
Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates (continued)
Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	18,665,700
At a 1% lower rate (1% decrease)		15,428,288
At a 1% higher rate (1% increase)		22,947,301

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$542,048 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 8 - Deferred compensation
The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The Plan Administrators are as follows:

- AXA Equitable
- Variable Annuity Life Insurance Co.
- Vanguard
- Siracusa
- Metropolitan Life

Note 9 - Interfund receivables and payables
The composition of interfund balances as of June 30, 2019 is as follows:

	Receivable	Payable
General fund	\$ 66,142	\$ -
Special revenue fund	-	66,142
	\$ 66,412	\$ 66,142

The balance due from the special revenue fund to the general fund of \$66,142 represents a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2019 consisted of the following:

Food	\$	1,993
Supplies		742
Total	\$	2,735

Note 11 - Contingent liabilities

Amounts received or are receivables from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 12 - Risk management

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

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

Fiscal Year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance
2018 - 2019	\$ -	\$ 816	\$ 8,013	\$ 6,745	\$ 99,041
2017 - 2018	-	162	7,747	3,452	96,957
2016 - 2017	-	44	7,889	-	92,500

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Legal reserve accounts

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the legal reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$36,000 to their maintenance reserve and \$854,000 to capital reserve accounts by Board Resolution in June 2019 as summarized in the following schedule. The following schedule is a summarization of the legal reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 3,028,825	\$ 854,000	\$ 26,169	\$ -	\$ 89,751	\$ 3,819,243
Emergency	173,016	-	1,623	-	-	174,639
Maintenance	563,613	36,000	-	-	-	599,613
Total	<u>\$ 3,765,454</u>	<u>\$ 890,000</u>	<u>\$ 27,792</u>	<u>\$ -</u>	<u>\$ 89,751</u>	<u>\$ 4,593,495</u>

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balance - general fund

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2019 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures.

Amount appropriated in the succeeding year's budget to reduce tax requirements. \$ 71,599

Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets. 56,228

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan. 3,819,243

Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education. 174,639

Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9). 599,613

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30. 25,812

Assigned

Designated surplus - Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements. 15,353

Unassigned

Undesignated - Represents fund balance which has not been restricted or designated. 316,668

Total fund balance - Budgetary basis (Exhibit C-1) 5,079,155

Last state aid payments not recognized on GAAP basis (103,811)

Total fund balance - GAAP basis (Exhibit B-1) \$ 4,975,344

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019 is \$56,228.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 16 - Operating lease

At June 30, 2019, the District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

2020		\$	11,257	
2021			11,257	
2022			5,629	
Total			28,143	

Note 17 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the date of this report:

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 *Leases*. This statement, which is effective for reporting periods beginning after December 15, 2019, is not expected to have a material impact on the District’s financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement, which is effective for reporting periods beginning after December 15, 2018, is not expected to have a material impact on the District’s financial reporting.

Note 18 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2019 of (\$1,949,146) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State’s net pension liability for PERS to each contributing entity throughout the State.

Note 19 - Subsequent events

On December 10, 2019, voters in the District approved a referendum authorizing school bonds to finance \$2,820,000 on facility improvement projects. The State of New Jersey has agreed to provide debt service aid in the amount of forty percent of the final eligible costs of the project. The District has evaluated and determined that no material events or transactions, other than the comment above, have occurred subsequent to June 30, 2019 and through December 12, 2019, which is the date the financial statements were available to be issued, which requires additional disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 7,994,723	\$ -	\$ 7,994,723	\$ 7,994,723	\$ -
Tuition from individuals	35,000	-	35,000	90,750	55,750
Tuition from other sources	5,000	-	5,000	8,306	3,306
Rents and royalties	-	-	-	2,500	2,500
Unrestricted miscellaneous revenues	69,700	-	69,700	108,613	38,913
Interest earned on current expense emergency reserve	50	-	50	1,623	1,573
Interest earned on maintenance reserve	150	-	150	-	(150)
Interest earned on capital reserve funds	500	-	500	26,169	25,669
Total	8,105,123	-	8,105,123	8,232,684	127,561
State sources					
School choice aid	300,506	-	300,506	300,506	-
Categorical transportation aid	167,383	-	167,383	167,383	-
Extraordinary aid	25,000	-	25,000	87,168	62,168
Categorical special education aid	267,084	-	267,084	267,084	-
Categorical security aid	34,010	-	34,010	34,010	-
Adjustment aid	394,442	-	394,442	360,927	(33,515)
Other state aid	-	-	-	4,640	4,640
TPAF Pension (on-behalf)	-	-	-	664,048	664,048
TPAF Social Security (reimbursed)	-	-	-	259,460	259,460
TPAF Postretirement benefits	-	-	-	301,211	301,211
TPAF Long-term disability insurance	-	-	-	253	253
Total	1,188,425	-	1,188,425	2,446,690	1,258,265
Total revenues	\$ 9,293,548	\$ -	\$ 9,293,548	\$ 10,679,374	\$ 1,385,826
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 103,949	\$ 5,206	\$ 109,155	\$ 86,504	\$ 22,651
Kindergarten	197,230	19,785	217,015	215,171	1,844
Grades 1-5	1,417,043	65,402	1,482,445	1,442,155	40,290
Grades 6-8	889,120	(86,465)	802,655	785,380	17,275
Home instruction					
Salaries of teacher	2,500	9,766	12,266	12,265	1
Purchased professional - educational services	-	164,368	164,368	-	164,368
Regular programs - undistributed instruction					
Purchased technical services	33,788	(32,788)	1,000	412	588
Other purchased services	4,000	-	4,000	120	3,880
General supplies	244,166	43,975	288,141	288,116	25
Textbooks	45,304	(7,599)	37,705	36,093	1,612
Other objects	6,500	6,858	13,358	2,532	10,826
Total	2,943,600	188,508	3,132,108	2,868,748	263,360

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Expenditures (cont'd)					
Special education					
Resource room/resource center					
Salaries of teachers	\$ 403,284	\$ 157,071	\$ 560,355	\$ 551,731	\$ 8,624
Other salaries for instruction	175,022	3,765	178,787	145,653	33,134
Purchased professional - educational services	100,536	(40,515)	60,021	46,608	13,413
General supplies	8,000	(5,500)	2,500	2,263	237
Total	<u>686,842</u>	<u>114,821</u>	<u>801,663</u>	<u>746,255</u>	<u>55,408</u>
Home instruction					
Salaries of teachers	5,000	1,750	6,750	6,325	425
Purchased professional - educational services	5,000	(5,000)	-	-	-
Total	<u>10,000</u>	<u>(3,250)</u>	<u>6,750</u>	<u>6,325</u>	<u>425</u>
Total special education	<u>696,842</u>	<u>111,571</u>	<u>808,413</u>	<u>752,580</u>	<u>55,833</u>
Basic skills/remedial					
Salaries of teachers	126,274	12,864	139,138	138,738	400
General supplies	5,000	-	5,000	3,419	1,581
Total	<u>131,274</u>	<u>12,864</u>	<u>144,138</u>	<u>142,157</u>	<u>1,981</u>
Bilingual education - instruction					
General supplies	250	-	250	149	101
Total	<u>250</u>	<u>-</u>	<u>250</u>	<u>149</u>	<u>101</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	50,000	-	50,000	40,927	9,073
Purchased services	3,000	1,025	4,025	4,012	13
Supplies and materials	7,620	(2,784)	4,836	3,488	1,348
Other objects	500	500	1,000	964	36
Total	<u>61,120</u>	<u>(1,259)</u>	<u>59,861</u>	<u>49,391</u>	<u>10,470</u>
School-sponsored athletics - instruction					
Salaries	48,000	7,000	55,000	33,525	21,475
Purchased services	12,000	(6,241)	5,759	5,525	234
Supplies and materials	10,000	(200)	9,800	9,735	65
Other objects	-	700	700	655	45
Total	<u>70,000</u>	<u>1,259</u>	<u>71,259</u>	<u>49,440</u>	<u>21,819</u>
Total instruction regular	<u>\$ 3,903,086</u>	<u>\$ 312,943</u>	<u>\$ 4,216,029</u>	<u>\$ 3,862,465</u>	<u>\$ 353,564</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to cssd & regional day schools	\$ 100,000	\$ (28,750)	\$ 71,250	\$ 71,244	\$ 6
Tuition to priv. school for the disabled w/i state	160,000	(46,550)	113,450	113,390	60
Total	<u>260,000</u>	<u>(75,300)</u>	<u>184,700</u>	<u>184,634</u>	<u>66</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - health services					
Salaries	\$ 56,865	\$ 6,001	\$ 62,866	\$ 62,865	\$ 1
Purchased professional and technical services	20,000	(18,000)	2,000	2,000	-
Supplies and materials	21,847	(13,816)	8,031	5,712	2,319
Total	<u>98,712</u>	<u>(25,815)</u>	<u>72,897</u>	<u>70,577</u>	<u>2,320</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	68,490	2,850	71,340	71,339	1
Purchased professional - educational services	70,000	1,572	71,572	68,908	2,664
Supplies and materials	5,456	(975)	4,481	4,477	4
Other objects	250	(250)	-	-	-
Total	<u>144,196</u>	<u>3,197</u>	<u>147,393</u>	<u>144,724</u>	<u>2,669</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	24,672	4,316	28,988	28,988	-
Purchased professional - educational services	5,000	(5,000)	-	-	-
Total	<u>29,672</u>	<u>(684)</u>	<u>28,988</u>	<u>28,988</u>	<u>-</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	95,042	2,478	97,520	69,842	27,678
Purchased professional - educational services	400	-	400	-	400
Supplies and materials	500	-	500	500	-
Other objects	1,250	-	1,250	-	1,250
Total	<u>97,192</u>	<u>2,478</u>	<u>99,670</u>	<u>70,342</u>	<u>29,328</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	139,903	79,116	219,019	159,746	59,273
Salaries of secretarial and clerical assistants	42,239	2,809	45,048	45,015	33
Purchased professional - educational services	28,000	(19,909)	8,091	7,707	384
Other purchased professional & technical services	16,854	11,355	28,209	28,114	95
Other purchased services	8,000	(7,550)	450	-	450
Miscellaneous purchased service	500	(500)	-	-	-
Supplies and materials	5,000	-	5,000	3,570	1,430
Other objects	1,000	329	1,329	-	1,329
Total	<u>241,496</u>	<u>65,650</u>	<u>307,146</u>	<u>244,152</u>	<u>62,994</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	85,000	4,500	89,500	89,500	-
Salaries of other professional staff	-	1,325	1,325	1,322	3
Salaries of secretarial & clerical assist	25,488	1,447	26,935	26,935	-
Purchased professional - educational services	8,000	(550)	7,450	2,511	4,939
Other purchased services	500	-	500	292	208
Supplies and materials	5,400	(775)	4,625	338	4,287
Other objects	3,600	-	3,600	1,894	1,706
Total	<u>127,988</u>	<u>5,947</u>	<u>133,935</u>	<u>122,792</u>	<u>11,143</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 91,033	\$ 7,994	\$ 99,027	\$ 98,576	\$ 451
Purchased professional and technical services	139,500	(61,402)	78,098	36,258	41,840
Other purchased services	50,000	(600)	49,400	30,227	19,173
Supplies and materials	2,230	59,310	61,540	61,296	244
Other objects	500	600	1,100	873	227
Total	283,263	5,902	289,165	227,230	61,935
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	11,500	(5,350)	6,150	38	6,112
Other purchased services	500	5,350	5,850	4,226	1,624
Supplies and materials	500	-	500	-	500
Total	12,500	-	12,500	4,264	8,236
Undistributed expenditures - support service - general admin.					
Salaries	230,910	32,269	263,179	263,176	3
Legal services	10,000	8,750	18,750	16,899	1,851
Audit fees	19,500	(1,500)	18,000	18,000	-
Other purchased professional services	20,000	2,900	22,900	22,861	39
Communications/telephone	20,000	3,925	23,925	19,635	4,290
BOE other purchased services	4,500	300	4,800	4,777	23
Miscellaneous purchased services	20,000	(7,400)	12,600	12,584	16
General supplies	2,500	(1,497)	1,003	1,003	-
Miscellaneous expenditures	3,000	272	3,272	2,808	464
BOE membership dues and fees	7,000	(1,350)	5,650	5,571	79
Total	337,410	36,669	374,079	367,314	6,765
Undistributed expenditures - support service - school admin.					
Salaries of principals/assistant principals	43,000	1,750	44,750	44,750	-
Salaries of secretarial and clerical assistants	25,488	3,636	29,124	29,123	1
Purchased professional and technical services	789	(189)	600	-	600
Other purchased services	600	-	600	568	32
Supplies and materials	1,111	-	1,111	715	396
Other objects	-	1,750	1,750	-	1,750
Total	70,988	6,947	77,935	75,156	2,779
Undistributed expenditures - central services					
Salaries	151,005	26,081	177,086	164,940	12,146
Purchased professional services	18,500	(9,153)	9,347	9,264	83
Miscellaneous purchased services	16,995	(10,897)	6,098	773	5,325
Supplies and materials	3,700	(100)	3,600	2,010	1,590
Other objects	3,000	(250)	2,750	423	2,327
Total	193,200	5,681	198,881	177,410	21,471
Undistributed expenditures - required maint. for school facilities					
Salaries	62,229	2,254	64,483	62,602	1,881
Cleaning, repair, and maintenance services	90,000	32,316	122,316	122,316	-
General supplies	19,000	9,186	28,186	28,185	1
Other objects	2,000	(1,700)	300	264	36
Total	173,229	42,056	215,285	213,367	1,918

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 195,000	\$ (8,360)	\$ 186,640	\$ 178,949	\$ 7,691
Salaries of non-instructional aides	9,360	1,124	10,484	10,483	1
Purchased professional and technical services	5,000	4,500	9,500	9,356	144
Cleaning, repair, and maintenance service	15,000	(5,000)	10,000	8,511	1,489
Other purchased property services	36,000	-	36,000	34,920	1,080
Insurance	57,411	4,350	61,761	61,712	49
General supplies	27,000	600	27,600	27,564	36
Energy (electricity)	153,000	(36,246)	116,754	105,687	11,067
Energy (oil)	65,000	-	65,000	60,269	4,731
Energy (gasoline)	-	800	800	375	425
Other objects	18,000	(17,550)	450	450	-
Total	<u>580,771</u>	<u>(55,782)</u>	<u>524,989</u>	<u>498,276</u>	<u>26,713</u>
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	9,000	(9,000)	-	-	-
General supplies	5,500	(2,396)	3,104	3,104	-
Total	<u>14,500</u>	<u>(11,396)</u>	<u>3,104</u>	<u>3,104</u>	<u>-</u>
Undistributed expenditures - security					
Salaries	16,794	954	17,748	17,747	1
Cleaning, repair, and maintenance service	7,206	860	8,066	4,985	3,081
General supplies	1,500	1,168	2,668	2,667	1
Total	<u>25,500</u>	<u>2,982</u>	<u>28,482</u>	<u>25,399</u>	<u>3,083</u>
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	17,270	(16,400)	870	-	870
Salaries for pupil trans (between home & school) - reg.	1,500	7,415	8,915	2,100	6,815
Salaries for pupil trans (between home & school) - sp ed	6,424	806	7,230	7,229	1
Management fee - esc & ctsa trans. program	2,500	(515)	1,985	1,824	161
Cleaning, repair, & maint. services	2,500	-	2,500	892	1,608
Contract serv-aid in lieu pymts - non-public schools	31,000	(14,200)	16,800	16,800	-
Contract serv-aid in lieu pymts-choice school students	7,500	1,500	9,000	9,000	-
Contract serv (oth. than between home & school) - vend	36,000	-	36,000	29,513	6,487
Contract serv (between home & school) - joint agreements	287,034	12,000	299,034	298,877	157
Contract serv (sp ed stds) - vendors	14,500	500	15,000	12,651	2,349
Contract serv (sp ed stds) - joint agreements	21,230	(21,197)	33	-	33
Contract serv (sp ed stds) - escs & ctsas	35,000	-	35,000	33,158	1,842
Miscellaneous purchased services - transportation	5,000	-	5,000	-	5,000
General supplies	500	-	500	-	500
Transportation supplies	5,000	-	5,000	-	5,000
Fuel costs funded by advertising revenue	-	3,100	3,100	2,483	617
Other objects	2,500	-	2,500	275	2,225
Total	<u>475,458</u>	<u>(26,991)</u>	<u>448,467</u>	<u>414,802</u>	<u>33,665</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Expenditures (cont'd)					
Allocated benefits - employee benefits					
Regular programs - instruction					
Other employee benefits	\$ 331,588	\$ (331,588)	\$ -	\$ -	\$ -
Total	<u>331,588</u>	<u>(331,588)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total allocated benefits - employees	 <u>\$ 331,588</u>	 <u>\$ (331,588)</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
Unallocated benefits - employee benefits					
Social Security contributions	\$ 110,000	\$ -	\$ 110,000	\$ 104,904	\$ 5,096
Other retirement contributions - PERS	105,000	(15,250)	89,750	89,698	52
Other retirement contributions - regular	10,000	2,750	12,750	12,748	2
Workmen's compensation	85,000	(220)	84,780	82,726	2,054
Health benefits	1,554,421	(30,630)	1,523,791	1,343,854	179,937
Tuition reimbursement	43,043	(200)	42,843	29,473	13,370
Other employee benefits	-	18,790	18,790	14,295	4,495
Unused sick payment to terminated/retired staff	34,425	(16,100)	18,325	18,292	33
Total	<u>1,941,889</u>	<u>(40,860)</u>	<u>1,901,029</u>	<u>1,695,990</u>	<u>205,039</u>
On-behalf TPAF Pension contribution	-	-	-	664,048	(664,048)
On-behalf TPAF Postretirement medical benefits	-	-	-	301,211	(301,211)
On-behalf TPAF Long-term disability insurance	-	-	-	253	(253)
Reimbursed TPAF Social Security contribution	-	-	-	259,460	(259,460)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224,972</u>	<u>(1,224,972)</u>
 Total undistributed expenditures	 <u>\$ 5,439,552</u>	 <u>\$ (390,907)</u>	 <u>\$ 5,048,645</u>	 <u>\$ 5,793,493</u>	 <u>\$ (744,848)</u>
 Total current	 <u>\$ 9,342,638</u>	 <u>\$ (77,964)</u>	 <u>\$ 9,264,674</u>	 <u>\$ 9,655,958</u>	 <u>\$ (391,284)</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ -	\$ 10,000	\$ 10,000	\$ 5,809	\$ 4,191
Undistributed expenditures - req. maint. for school facilities	-	21,635	21,635	21,635	-
Undistributed expenditures - custodial services	10,000	(10,000)	-	-	-
Total equipment	<u>10,000</u>	<u>21,635</u>	<u>31,635</u>	<u>27,444</u>	<u>4,191</u>
Facilities acquisition and construction service					
Architectural/engineering services	-	47,358	47,358	35,533	11,825
Construction services	9,127	12,923	22,050	21,977	73
Other objects	30,000	630	30,630	30,630	-
Assessment for debt service on SDA funding	32,412	-	32,412	32,412	-
Total facilities acquisition and construction service	<u>71,539</u>	<u>60,911</u>	<u>132,450</u>	<u>120,552</u>	<u>11,898</u>
 Total capital outlay	 <u>\$ 81,539</u>	 <u>\$ 82,546</u>	 <u>\$ 164,085</u>	 <u>\$ 147,996</u>	 <u>\$ 16,089</u>
 Total expenditures	 <u>\$ 9,424,177</u>	 <u>\$ 4,582</u>	 <u>\$ 9,428,759</u>	 <u>\$ 9,803,954</u>	 <u>\$ (375,195)</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Excess (deficiency) of revenues over (under) expenditures	\$ (130,629)	\$ (4,582)	\$ (135,211)	\$ 875,420	\$ 1,010,631
Fund balances, July 1	4,203,735	-	4,203,735	4,203,735	-
Fund balances, June 30	<u>\$ 4,073,106</u>	<u>\$ (4,582)</u>	<u>\$ 4,068,524</u>	<u>\$ 5,079,155</u>	<u>\$ 1,010,631</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (31,085)	\$ -	\$ (31,085)	\$ (31,085)	\$ -
Increase in capital reserve	-	854,000	854,000	854,000	-
Interest deposit to capital reserve	500	-	500	26,169	25,669
Withdrawal from capital reserve	(30,000)	(59,751)	(89,751)	(89,751)	-
Interest earned on emergency reserve	50	-	50	1,623	1,573
Increase in maintenance reserve	-	36,000	36,000	36,000	-
Interest earned on maintenance reserve	150	-	150	-	(150)
Budgeted fund balance	(70,244)	(834,831)	(905,075)	78,464	983,539
Total	<u>\$ (130,629)</u>	<u>\$ (4,582)</u>	<u>\$ (135,211)</u>	<u>\$ 875,420</u>	<u>\$ 1,010,631</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 71,599	
Excess surplus - current year				56,228	
Capital reserve				3,819,243	
Emergency reserve				174,639	
Maintenance reserve				599,613	
Committed fund balance					
Year-end encumbrances				25,812	
Assigned fund balance					
Designated for subsequent year's expenditures				15,353	
Unassigned fund balance				<u>316,668</u>	
Fund balance per budgetary basis				5,079,155	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(103,811)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 4,975,344</u>	

See independent auditors' report.

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

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources	\$ 8,383	\$ -	\$ 8,383	\$ 4,383	\$ (4,000)
Federal sources	163,166	-	163,166	157,565	(5,601)
Total revenues	<u>\$ 171,549</u>	<u>\$ -</u>	<u>\$ 171,549</u>	<u>\$ 161,948</u>	<u>\$ (9,601)</u>
Expenditures					
Instruction					
Tuition	\$ 48,458	\$ 3,000	\$ 51,458	\$ 48,458	\$ 3,000
Supplies	49,367	(5,655)	43,712	40,611	3,101
Other objects	4,757	1,754	6,511	6,511	-
Total	<u>102,582</u>	<u>(901)</u>	<u>101,681</u>	<u>95,580</u>	<u>6,101</u>
Support services					
Purchased professional and technical services	34,400	901	35,301	35,301	-
Other purchased services	9,000	-	9,000	9,000	-
Supplies	3,500	-	3,500	-	3,500
Total	<u>46,900</u>	<u>901</u>	<u>47,801</u>	<u>44,301</u>	<u>3,500</u>
Capital outlay					
Instructional equipment	<u>22,067</u>	<u>-</u>	<u>22,067</u>	<u>22,067</u>	<u>-</u>
Total expenditures	<u>\$ 171,549</u>	<u>\$ -</u>	<u>\$ 171,549</u>	<u>\$ 161,948</u>	<u>\$ 9,601</u>

See independent auditors' report.

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

Explanation of Differences Between Budgetary Inflows and
Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 10,679,374	\$ 161,948
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		
Outstanding encumbrances - prior year	-	2,520
Outstanding encumbrances - current year	-	(496)
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33)		
State aid receivable prior year	107,716	-
State aid receivable current year	(103,811)	-
Total revenues (GAAP Basis)	<u>\$ 10,683,279</u>	<u>\$ 163,972</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 9,803,954	\$ 161,948
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Outstanding encumbrances - prior year	-	2,520
Outstanding encumbrances - current year	-	(496)
Total expenditures (GAAP Basis)	<u>\$ 9,803,954</u>	<u>\$ 163,972</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset) - percentage	N/A	0.00884609%	0.0076679103%	0.9907520800%	0.0114863728%	0.0121027105%	0.0123869317%	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 1,741,751	\$ 1,784,967	\$ 2,934,323	\$ 2,669,455	\$ 2,367,389	\$ 2,265,958	N/A	N/A	N/A
District's covered employee payroll	616,230	631,819	549,574	N/A	996,564	1,087,006	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	275.67%	324.79%	N/A	267.87%	217.79%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of District's Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 87,990	\$ 71,035	\$ 89,748	\$ 102,237	\$ 99,773	\$ 93,934	\$ 95,919	\$ 96,087	\$ 88,576	\$ 91,498
Contributions in relation to the contractually required contribution	(87,990)	(71,035)	(89,748)	(102,237)	(99,773)	(93,934)	(95,919)	(96,087)	(88,576)	(91,498)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 616,230	\$ 631,819	\$ 549,574	N/A	\$ 996,564	\$ 1,087,006	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	14.28%	11.24%	16.33%	N/A	10.01%	8.64%	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	21,965,861	24,632,861	29,440,467	23,838,298	20,866,554	20,218,196	N/A	N/A	N/A
Total	\$ -	\$ 21,965,861	\$ 24,632,861	\$ 29,440,467	\$ 23,838,298	\$ 20,866,554	\$ 20,218,196	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 3,643,352	\$ 3,527,750	\$ 3,443,374	N/A	\$ 3,859,796	\$ 3,808,662	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 664,048	\$ 520,812	\$ 410,941	\$ 656,417	\$ 527,611	\$ 435,966	\$ 550,788	\$ 376,011	\$ 271,911	\$ 236,383
Contributions in relation to the contractually required contribution	(664,048)	(520,812)	(410,941)	(656,417)	(527,611)	(435,966)	(550,788)	(376,011)	(271,911)	(236,383)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 3,643,352	\$ 3,527,750	\$ 3,443,374	N/A	\$ 3,859,796	\$ 3,808,662	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	18.23%	14.76%	11.93%	N/A	13.67%	11.45%	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	N/A	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	18,665,700	22,493,672	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 18,665,700	\$ 22,493,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 4,159,569	\$ 3,992,948	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)

June 30, Error! No document variable supplied.

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 4.25% in State Fiscal Year 2017 and 4.86% in State Fiscal Year 2018. The inflation rate was 2.25% for State Fiscal Years 2017 and 2.25% in State Fiscal Year 2018.
- Note 3 - Changes in assumptions - PERS
The discount rate was 5.00% in State Fiscal Year 2017 and 5.66% in State Fiscal Year 2018. The inflation rate was 2.25% for State Fiscal Year 2017 and 2.25% for State Fiscal Year 2018.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate increased from 3.58% in State Fiscal Year 2017 to 3.87% in State Fiscal Year 2018. The inflation rate was 2.50% for State Fiscal Year 2017 and 2018.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2017 to June 30, 2018.

SPECIAL REVENUE FUND

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

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

	<u>ESSA Title IA</u>	<u>ESSA Title IIA</u>	<u>ESSA Title IV</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>REAP</u>	<u>Local Grants</u>	<u>Total</u>
Revenues								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,383	\$ 4,383
Federal sources	<u>16,757</u>	<u>5,008</u>	<u>9,958</u>	<u>81,753</u>	<u>6,205</u>	<u>37,884</u>	<u>-</u>	<u>157,565</u>
Total revenues	<u>\$ 16,757</u>	<u>\$ 5,008</u>	<u>\$ 9,958</u>	<u>\$ 81,753</u>	<u>\$ 6,205</u>	<u>\$ 37,884</u>	<u>\$ 4,383</u>	<u>\$ 161,948</u>
Expenditures								
Instruction								
Tuition	\$ -	\$ -	\$ -	\$ 42,753	\$ 5,705	\$ -	\$ -	\$ 48,458
Supplies	10,246	3,008	9,958	1,099	100	15,817	383	40,611
Other objects	6,511	-	-	-	-	-	-	6,511
Total	<u>16,757</u>	<u>3,008</u>	<u>9,958</u>	<u>43,852</u>	<u>5,805</u>	<u>15,817</u>	<u>383</u>	<u>95,580</u>
Support services								
Purchased professional and technical services	-	2,000	-	32,901	400	-	-	35,301
Other purchased services	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>9,000</u>
Total	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>37,901</u>	<u>400</u>	<u>-</u>	<u>4,000</u>	<u>44,301</u>
Capital outlay								
Instructional equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,067</u>	<u>-</u>	<u>22,067</u>
Total expenditures	<u>\$ 16,757</u>	<u>\$ 5,008</u>	<u>\$ 9,958</u>	<u>\$ 81,753</u>	<u>\$ 6,205</u>	<u>\$ 37,884</u>	<u>\$ 4,383</u>	<u>\$ 161,948</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

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

DELAWARE 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 of year	\$ 17,593
	<hr/>
Fund balance - ending of year	\$ 17,593
	<hr/> <hr/>

See independent auditors' report.

PROPRIETARY FUND

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

See Statements B-4, B-5, and B-6

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

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

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets					
Cash and cash equivalents	\$ 99,041	\$ 952	\$ 25,470	\$ 12,526	\$ 137,989
Total assets	\$ 99,041	\$ 952	\$ 25,470	\$ 12,526	\$ 137,989
Liabilities					
Due to students groups	\$ -	\$ -	\$ 25,470	\$ -	\$ 25,470
FSA Section 125 Plan	-	-	-	12,367	12,367
Payroll deductions and withholdings	-	-	-	159	159
Total liabilities	-	-	\$ 25,470	\$ 12,526	37,996
Net position					
Held in trust for unemployment claims and other purposes	\$ 99,041	\$ 952			\$ 99,993

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2019

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
Additions			
Contributions			
Employee withholdings	\$ 8,013	\$ -	\$ 8,013
Investment earnings - interest	816	8	824
Total additions	<u>8,829</u>	<u>8</u>	<u>8,837</u>
Deductions			
Unemployment claims	<u>6,745</u>	<u>-</u>	<u>6,745</u>
Total deductions	<u>6,745</u>	<u>-</u>	<u>6,745</u>
Change in net position	2,084	8	2,092
Net position, beginning of the year	<u>96,957</u>	<u>944</u>	<u>97,901</u>
Net position, end of the year	<u>\$ 99,041</u>	<u>\$ 952</u>	<u>\$ 99,993</u>

See independent auditors' report.

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

	Balance 07/01/18	Additions	Reductions	Balance 06/30/19
Assets				
Cash and cash equivalents	\$ 27,138	\$ 31,613	\$ 33,281	\$ 25,470
Total assets	<u>\$ 27,138</u>	<u>\$ 31,613</u>	<u>\$ 33,281</u>	<u>\$ 25,470</u>
Liabilities				
Due to student groups	\$ 27,138	\$ 31,613	\$ 33,281	\$ 25,470
Total liabilities	<u>\$ 27,138</u>	<u>\$ 31,613</u>	<u>\$ 33,281</u>	<u>\$ 25,470</u>

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

	Balance 07/01/18	Additions	Reductions	Balance 06/30/2019
Assets				
Cash and cash equivalents	\$ 15,513	\$5,480,890	\$5,483,877	\$ 12,526
Due from other funds	85	-	85	-
Total assets	<u>\$ 15,598</u>	<u>\$5,480,890</u>	<u>\$5,483,962</u>	<u>\$ 12,526</u>
Liabilities				
FSA Section 125 Plan	\$ 8,004	\$ 21,293	\$ 16,930	\$ 12,367
Payroll deductions and withholdings	7,594	2,360,977	2,368,412	159
Net payroll	-	3,098,620	3,098,620	-
Total liabilities	<u>\$ 15,598</u>	<u>\$5,480,890</u>	<u>\$5,483,962</u>	<u>\$ 12,526</u>

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

The Long-term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/18	Issued	Retired	Balance 06/30/19
			Date	Amount					
School refunding bonds, 2005 series	07/15/05	\$ 3,750,000	01/15/20	\$ 510,000	4.00%	\$ 1,535,000	\$ -	\$ 490,000	\$ 1,045,000
			01/15/21	535,000	4.00%	-	-	-	-
								<u>\$ 1,535,000</u>	<u>\$ -</u>

See independent auditors' report.

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

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 547,537	\$ -	\$ 547,537	\$ 547,537	\$ -
Total revenues	<u>547,537</u>	<u>-</u>	<u>547,537</u>	<u>547,537</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	490,000	-	490,000	490,000	-
Interest	61,400	-	61,400	61,400	-
Total expenditures	<u>551,400</u>	<u>-</u>	<u>551,400</u>	<u>551,400</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(3,863)	-	(3,863)	(3,863)	-
Fund balance, July 1	<u>3,863</u>	<u>-</u>	<u>3,863</u>	<u>3,863</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

DELAWARE TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

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.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend 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.	J-10 to J-13
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.	J-14 to J-15
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.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.	

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Government activities										
Net investment in capital assets	\$ 5,906,790	\$ 5,909,755	\$ 5,771,417	\$ 5,583,276	\$ 5,496,804	\$ 5,483,699	\$ 6,147,946	\$ 6,373,507	\$ 6,452,186	\$ 6,579,574
Restricted	943,512	1,113,474	1,567,616	1,765,666	1,660,770	2,663,077	2,072,080	2,843,299	3,786,910	4,611,088
Unrestricted	138,542	40,475	(27,552)	144,749	963,253	(2,303,030)	(2,021,402)	(2,276,137)	(2,140,496)	(1,949,146)
Total governmental activities	\$ 6,988,844	\$ 7,063,704	\$ 7,311,481	\$ 7,493,691	\$ 8,120,827	\$ 5,843,746	\$ 6,198,624	\$ 6,940,669	\$ 8,098,600	\$ 9,241,516
Business-type activities										
Net investment in capital assets	\$ 51,139	\$ 42,722	\$ 34,305	\$ 25,888	\$ 17,471	\$ 9,054	\$ 637	\$ -	\$ -	\$ 1,724
Unrestricted	17,013	28,951	20,523	23,132	44,678	33,030	21,063	10,628	12,958	16,569
Total business-type activities	\$ 68,152	\$ 71,673	\$ 54,828	\$ 49,020	\$ 62,149	\$ 42,084	\$ 21,700	\$ 10,628	\$ 12,958	\$ 18,293
District-wide										
Net investment in capital assets	\$ 5,957,929	\$ 5,952,477	\$ 5,805,722	\$ 5,609,164	\$ 5,514,275	\$ 5,492,753	\$ 6,148,583	\$ 6,373,507	\$ 6,452,186	\$ 6,581,298
Restricted	943,512	1,113,474	1,567,616	1,765,666	1,660,770	2,663,077	2,072,080	2,843,299	3,786,910	4,611,088
Unrestricted	155,555	69,426	(7,029)	167,881	1,007,931	(2,270,000)	(2,000,339)	(2,265,509)	(2,127,538)	(1,932,577)
Total district-wide	\$ 7,056,996	\$ 7,135,377	\$ 7,366,309	\$ 7,542,711	\$ 8,182,976	\$ 5,885,830	\$ 6,220,324	\$ 6,951,297	\$ 8,111,558	\$ 9,259,809

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,683,468	\$ 3,764,894	\$ 3,797,348	\$ 3,737,507	\$ 3,610,264	\$ 3,873,541	\$ 4,109,371	\$ 5,939,544	\$ 6,395,199	\$ 5,881,420
Special education	1,020,595	978,285	1,084,197	1,324,589	1,255,885	1,315,217	1,369,853	1,417,839	1,371,681	1,441,043
Other special education	284,335	240,963	266,080	292,872	271,614	235,204	261,282	307,397	348,340	327,470
Other instruction	102,595	108,532	109,623	118,437	117,193	102,928	137,040	101,586	255,588	225,932
Support services										
Tuition	96,705	112,101	104,569	63,464	217,694	150,925	193,850	270,350	239,899	233,092
Student & instruction related services	1,156,621	1,160,774	1,283,246	1,242,360	1,425,450	1,749,006	1,503,586	1,492,196	1,630,322	1,584,472
General & business administrative services	576,933	587,836	646,129	603,686	726,632	865,452	705,619	959,197	928,664	902,091
School administration	277,629	256,023	262,937	275,631	56,447	-	62,135	130,321	141,030	133,910
Plant operations & maintenance	815,506	903,124	845,003	916,089	1,023,246	914,316	950,577	735,182	835,701	832,754
Pupil transportation	344,971	404,384	406,583	388,412	489,737	435,242	410,373	407,802	394,856	425,869
Capital outlay	55,066	327,452	295,889	275,747	679,898	(57,232)	214,237	-	-	-
Interest on long-term debt	178,549	168,551	157,784	143,741	130,825	121,617	113,329	124,552	133,232	84,828
Unallocated depreciation	26,549	26,549	26,549	26,549	26,549	26,549	26,549	-	-	-
Total governmental activities expenses	8,619,522	9,039,468	9,285,937	9,409,084	10,031,434	9,732,765	10,057,801	11,885,966	12,674,512	12,072,881
Business-type activities										
Food services	136,634	136,647	153,065	109,464	92,303	113,979	101,005	112,976	109,601	106,325
Total business-type activities	136,634	136,647	153,065	109,464	92,303	113,979	101,005	112,976	109,601	106,325
Total district expenses	\$ 8,756,156	\$ 9,176,115	\$ 9,439,002	\$ 9,518,548	\$ 10,123,737	\$ 9,846,744	\$ 10,158,806	\$ 11,998,942	\$ 12,784,113	\$ 12,179,206

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program revenues										
Governmental activities										
Charges for services	\$ 54,176	\$ 71,107	\$ 77,807	\$ 65,476	\$ 40,133	\$ 49,800	\$ 63,000	\$ 116,667	\$ 153,180	\$ 149,556
Operating grants & contributions	406,571	422,994	414,023	442,023	435,294	432,874	432,888	148,360	164,616	163,972
Total governmental activities program revenues	460,747	494,101	491,830	507,499	475,427	482,674	495,888	265,027	317,796	313,528
Business-type activities										
Charges for services										
Food service	111,582	120,955	116,527	90,015	86,531	76,649	72,704	75,623	84,476	85,475
Operating grants & contributions	16,456	19,211	19,694	13,640	18,903	17,189	18,207	26,281	27,455	26,185
Total business-type activities program revenues	128,038	140,166	136,221	103,655	105,434	93,838	90,911	101,904	111,931	111,660
Total district - program revenues	<u>\$ 588,785</u>	<u>\$ 634,267</u>	<u>\$ 628,051</u>	<u>\$ 611,154</u>	<u>\$ 580,861</u>	<u>\$ 576,512</u>	<u>\$ 586,799</u>	<u>\$ 366,931</u>	<u>\$ 429,727</u>	<u>\$ 425,188</u>
Net (expense) revenues										
Governmental activities	\$ (8,158,775)	\$ (8,545,367)	\$ (8,794,107)	\$ (8,901,585)	\$ (9,556,007)	\$ (9,250,091)	\$ (9,561,913)	\$ (11,620,939)	\$ (12,356,716)	\$ (11,759,353)
Business-type activities	(8,596)	3,519	(16,844)	(5,809)	13,131	(20,141)	(10,094)	(11,072)	2,330	5,335
Total district-wide net expenses	<u>\$ (8,167,371)</u>	<u>\$ (8,541,848)</u>	<u>\$ (8,810,951)</u>	<u>\$ (8,907,394)</u>	<u>\$ (9,542,876)</u>	<u>\$ (9,270,232)</u>	<u>\$ (9,572,007)</u>	<u>\$ (11,632,011)</u>	<u>\$ (12,354,386)</u>	<u>\$ (11,754,018)</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for										
general purposes, net	\$ 6,527,483	\$ 6,923,540	\$ 7,044,281	\$ 7,185,108	\$ 7,185,000	\$ 7,185,000	\$ 7,328,700	\$ 7,554,774	\$ 7,792,127	\$ 7,994,723
Taxes levied for debt service	439,578	434,253	477,341	479,291	510,802	320,575	527,288	538,725	551,375	547,537
Federal and State aid not restricted	1,415,038	1,145,814	1,457,953	1,413,789	1,942,680	1,729,346	1,874,340	4,381,767	5,113,504	4,273,176
Investment earnings	5,901	3,561	3,333	3,240	3,137	1,993	2,049	2,193	7,528	46,488
Miscellaneous income	14,374	113,059	58,976	2,368	4,115	82,382	30,271	43,083	50,113	41,917
Transfers in (out)	-	-	-	-	537,410	(78,671)	154,144	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	(1,572)
Total governmental activities	<u>8,402,374</u>	<u>8,620,227</u>	<u>9,041,884</u>	<u>9,083,796</u>	<u>10,183,144</u>	<u>9,240,625</u>	<u>9,916,792</u>	<u>12,520,542</u>	<u>13,514,647</u>	<u>12,902,269</u>
Business-type activities										
Miscellaneous income	-	-	-	-	-	74	15	-	-	-
Transfers	-	-	-	-	-	-	(224)	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74</u>	<u>(209)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 8,402,374</u>	<u>\$ 8,620,227</u>	<u>\$ 9,041,884</u>	<u>\$ 9,083,796</u>	<u>\$ 10,183,144</u>	<u>\$ 9,240,699</u>	<u>\$ 9,916,583</u>	<u>\$ 12,520,542</u>	<u>\$ 13,514,647</u>	<u>\$ 12,902,269</u>
Change in net position										
Governmental activities	\$ 243,599	\$ 74,860	\$ 247,777	\$ 182,211	\$ 627,137	\$ (9,466)	\$ 354,879	\$ 899,603	\$ 1,157,931	\$ 1,142,916
Business-type activities	(8,596)	3,519	(16,844)	(5,809)	13,131	(20,067)	(10,303)	(11,072)	2,330	5,335
Total district	<u>\$ 235,003</u>	<u>\$ 78,379</u>	<u>\$ 230,933</u>	<u>\$ 176,402</u>	<u>\$ 640,268</u>	<u>\$ (29,533)</u>	<u>\$ 344,576</u>	<u>\$ 888,531</u>	<u>\$ 1,160,261</u>	<u>\$ 1,148,251</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Restricted	\$ 564,418	\$ 1,082,770	\$ 1,433,004	\$ 1,754,990	\$ 1,639,568	\$ 1,767,689	\$ 1,936,326	\$ 2,892,087	\$ 3,907,297	\$ 4,721,322
Committed	334,093	30,704	134,612	94,915	21,202	70,092	17,295	9,186	31,085	25,812
Assigned	-	-	-	-	-	-	-	60,552	-	15,353
Unassigned	135,577	178,811	160,586	173,029	151,063	213,655	201,902	144,318	157,637	212,857
Total general fund	<u>\$ 1,034,088</u>	<u>\$ 1,292,285</u>	<u>\$ 1,728,202</u>	<u>\$ 2,022,934</u>	<u>\$ 1,811,833</u>	<u>\$ 2,051,436</u>	<u>\$ 2,155,523</u>	<u>\$ 3,106,143</u>	<u>\$ 4,096,019</u>	<u>\$ 4,975,344</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ -	\$ -	\$ -	\$ -	\$ 825,296	\$ 20,645	\$ -	\$ 17,593	\$ 17,593	\$ 17,593
Assigned, reported in										
Debt service fund	45,001	2	2	-	-	-	1	3,863	3,863	-
Total all other governmental funds	<u>\$ 45,001</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 825,296</u>	<u>\$ 20,645</u>	<u>\$ 1</u>	<u>\$ 21,456</u>	<u>\$ 21,456</u>	<u>\$ 17,593</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 6,967,061	\$ 7,357,793	\$ 7,521,622	\$ 7,664,399	\$ 7,695,802	\$ 7,505,575	\$ 7,855,988	\$ 8,093,499	\$ 8,343,502	\$ 8,542,260
Tuition charges	54,176	71,107	77,807	65,476	40,133	49,800	63,000	76,167	114,680	99,056
Interest earnings	5,901	3,561	3,333	3,240	3,137	1,993	2,049	2,193	7,528	46,488
Rents and royalties	-	-	-	-	-	-	-	2,500	2,500	2,500
Miscellaneous	14,374	113,059	58,976	2,368	4,115	82,382	30,271	81,443	87,213	93,917
State sources	1,642,988	1,400,054	1,591,033	1,687,075	2,183,400	2,008,197	2,155,633	2,169,726	2,311,578	2,450,595
Federal sources	178,621	168,754	280,943	168,737	194,574	154,023	151,595	148,000	163,516	159,972
Total revenues	8,863,121	9,114,328	9,533,714	9,591,295	10,121,161	9,801,970	10,258,536	10,573,528	11,030,517	11,394,788
Expenditures										
Instruction										
Regular instruction	2,549,097	2,557,595	2,522,970	2,416,083	2,368,660	2,505,340	2,622,188	2,766,210	2,829,463	2,868,748
Special education instruction	740,601	697,502	751,280	894,437	862,204	887,509	907,768	712,671	624,488	752,580
Other special instruction	210,342	173,287	186,254	200,631	187,410	159,881	174,488	128,612	137,583	142,306
Other instruction	78,305	81,561	80,296	83,870	86,401	74,182	96,169	87,915	92,462	98,831
Support services										
Tuition	96,705	112,101	104,569	63,464	217,694	150,925	193,850	218,350	194,899	184,634
Student & inst related services	894,247	918,932	1,002,375	926,936	1,101,262	1,367,410	1,122,877	805,320	853,480	913,069
General administration	445,561	452,659	436,684	427,562	518,365	565,113	491,603	462,223	500,357	544,724
School administration services	201,904	183,339	183,440	187,931	39,922	-	41,100	71,038	71,857	75,156
Plant operations & maintenance	576,893	658,958	592,263	649,672	752,098	634,232	663,821	656,934	719,196	740,146
Pupil transportation	291,536	343,301	344,846	335,094	425,403	415,877	397,360	379,310	378,932	414,802
Employee benefits	1,841,880	1,915,191	2,119,590	2,355,845	2,207,157	2,362,208	2,531,927	2,559,533	2,789,380	2,920,962
Capital outlay	106,961	327,452	295,889	275,747	229,588	923,766	387,061	87,707	100,141	115,584
Special revenue funds	-	-	-	-	-	-	-	148,360	164,616	163,972
Debt service										
Principal	256,864	305,724	314,782	329,151	373,739	195,000	410,000	435,000	470,000	490,000
Interest & other charges	182,713	173,528	162,559	150,142	137,063	125,575	117,287	99,863	113,787	93,812
Total expenditures	8,473,609	8,901,130	9,097,797	9,296,565	9,506,966	10,367,018	10,157,499	9,619,046	10,040,641	10,519,326

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Excess (deficiency) of revenues over (under) expenditures	\$ 389,512	\$ 213,198	\$ 435,917	\$ 294,730	\$ 614,195	\$ (565,048)	\$ 101,037	\$ 954,482	\$ 989,876	\$ 875,462
Net change in fund balances	<u>\$ 389,512</u>	<u>\$ 213,198</u>	<u>\$ 435,917</u>	<u>\$ 294,730</u>	<u>\$ 614,195</u>	<u>\$ (565,048)</u>	<u>\$ 101,037</u>	<u>\$ 954,482</u>	<u>\$ 989,876</u>	<u>\$ 875,462</u>
Debt service as a percentage of non-capital expenditures	5.55%	5.92%	5.73%	5.61%	5.83%	3.51%	5.70%	5.95%	6.24%	5.95%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay.

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Interest income	\$ 5,901	\$ 3,561	\$ 3,333	\$ 3,240	\$ 3,137	\$ 1,993	\$ 2,049	\$ 2,193	\$ 7,528	\$ 46,488
Tuition	54,176	71,107	77,807	65,476	40,133	49,800	63,000	76,167	114,680	99,056
Prior year refunds	-	-	-	-	-	-	-	32,644	40,757	25,112
Miscellaneous	14,374	113,059	58,976	2,368	4,115	63,541	29,171	888	143	16,805
Shared service	-	-	-	-	-	-	-	38,000	36,000	48,000
Facility rentals	-	-	-	-	-	-	-	2,500	2,500	2,500
E-rate	-	-	-	-	-	-	-	9,521	9,093	-
Book fees	-	-	-	-	-	-	-	30	120	-
Annual totals	<u>\$ 74,451</u>	<u>\$ 187,727</u>	<u>\$ 140,116</u>	<u>\$ 71,084</u>	<u>\$ 47,385</u>	<u>\$ 115,334</u>	<u>\$ 94,220</u>	<u>\$ 161,943</u>	<u>\$ 210,821</u>	<u>\$ 237,961</u>

Source: District Records

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Vacant land	\$ 12,155,120	\$ 10,571,520	\$ 12,373,520	\$ 8,649,620	\$ 8,135,620	\$ 6,913,420	\$ 7,096,320	\$ 6,357,320	\$ 5,442,620	\$ 5,323,320
Residential	592,543,500	595,297,600	594,251,900	515,755,700	525,352,300	536,516,600	537,945,200	537,507,700	541,959,000	543,247,600
Farm regular	262,976,800	265,891,900	268,009,200	229,195,800	225,358,900	217,293,700	217,854,300	219,692,500	217,696,100	219,003,100
Q farm	6,368,300	6,310,000	6,259,300	6,632,300	6,516,700	6,486,910	6,454,510	6,501,710	6,414,610	6,389,910
Commercial	19,279,100	18,830,500	18,597,500	17,203,300	17,196,100	17,273,600	17,745,400	17,968,600	17,834,900	18,069,700
Industrial	8,742,900	8,742,900	8,742,900	7,270,600	7,270,600	7,270,600	7,270,600	7,270,600	7,270,600	7,270,600
Apartment	1,065,700	1,065,700	1,065,700	939,500	939,500	939,500	939,500	939,500	939,500	939,500
Total assessed value	903,131,420	906,710,120	909,300,020	785,646,820	790,769,720	792,694,330	795,305,830	796,237,930	797,557,330	800,243,730
Public utilities (a)	1,400,921	1,512,092	1,394,200	-	-	-	-	-	-	-
Net valuation taxable	\$ 904,532,341	\$ 908,222,212	\$ 910,694,220	\$ 785,646,820	\$ 790,769,720	\$ 792,694,330	\$ 795,305,830	\$ 796,237,930	\$ 797,557,330	\$ 800,243,730
Estimated actual county equalized value	\$ 1,003,974,575	\$ 1,014,206,825	\$ 984,321,465	\$ 956,408,133	\$ 821,549,020	\$ 828,840,956	\$ 880,978,900	\$ 882,054,987	\$ 872,792,000	\$ 861,310,655
Percentage of net valuation to estimated actual equalized value	90.10%	89.55%	92.52%	82.15%	96.25%	95.64%	90.28%	90.27%	91.38%	92.91%
Total direct school tax rate (b)	\$ 0.84	\$ 0.84	\$ 0.85	\$ 0.98	\$ 0.97	\$ 0.99	\$ 1.02	\$ 1.05	\$ 1.07	\$ 1.10

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

- * Revalued/Reassessed
- * Limited exemptions and abatements

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	
2010	\$ 0.788	\$ 0.053	\$ 0.841	\$ 0.540	\$ 0.303	\$ 0.352	\$ 2.04
2011	0.789	0.050	0.839	0.546	0.303	0.340	2.03
2012	0.795	0.054	0.849	0.636	0.368	0.381	2.23
2013	* 0.922	0.061	0.983	0.636	0.368	0.381	2.37
2014	0.907	0.065	0.972	0.667	0.408	0.416	2.46
2015	0.949	0.042	0.991	0.686	0.429	0.414	2.52
2016	0.950	0.068	1.018	0.604	0.438	0.428	2.49
2017	0.979	0.069	1.048	0.596	0.453	0.411	2.51
2018	1.001	0.071	1.072	0.590	0.475	0.413	2.55
2019	1.030	0.071	1.101	0.537	0.485	0.406	2.53

Sources: Municipal Tax Collector

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

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago

	2019			2010		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Texas Eastern Transmission Corp.	\$ 3,426,400	1	0.43%	\$ 3,984,900	1	0.44%
Trap Rock Industries, Inc.	3,173,800	2	0.40%	3,750,800	2	0.41%
Holly Farm Partners	2,720,900	3	0.34%	-		-
Sentinel Self Storage LLC	2,467,700	4	0.31%	-		-
Cane Poultry Farm, Inc.	2,442,700	5	0.31%	3,031,500	3	0.34%
Individual Property Owner	2,222,000	6	0.28%	2,537,100	4	0.28%
Individual Property Owner	2,092,900	7	0.26%	2,322,000	5	0.26%
Individual Property Owner	1,921,900	8	0.24%	2,257,600	6	0.25%
Individual Property Owner	1,902,400	9	0.24%	2,023,000	7	0.22%
Individual Property Owner	1,788,800	10	0.22%	1,946,500	8	0.22%
Individual Property Owner	-		-	1,877,300	9	0.21%
Brook Hollow Farms of Sergeantsville LLC	-		-	1,759,100	10	0.19%
	<u>\$ 24,159,500</u>		<u>3.03%</u>	<u>\$ 25,489,800</u>		<u>2.82%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2010	\$ 6,967,061	\$ 6,967,061	100.00%
2011	7,357,793	7,357,793	100.00%
2012	7,521,622	7,521,622	100.00%
2013	7,664,399	7,664,399	100.00%
2014	7,695,802	7,695,802	100.00%
2015	7,505,575	7,505,575	100.00%
2016	7,855,988	7,855,988	100.00%
2017	8,093,499	8,093,499	100.00%
2018	8,343,502	8,343,502	100.00%
2019	8,542,260	8,542,260	100.00%

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

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

See independent auditors' report.

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2010	\$ 4,368,397	\$ -	\$ -	\$ -	\$ -	\$ 4,368,397	1.34%	\$ 928	
2011	4,062,673	-	-	-	-	4,062,673	1.27%	890	
2012	3,747,890	-	-	-	-	3,747,890	1.15%	824	
2013	3,418,739	-	-	-	-	3,418,739	1.00%	755	
2014	3,045,000	-	-	-	-	3,045,000	0.90%	672	
2015	3,000,000	-	-	-	-	3,000,000	0.85%	663	
2016	2,440,000	-	-	-	-	2,440,000	0.68%	542	
2017	2,005,000	-	-	-	-	2,005,000	0.54%	448	
2018	1,535,000	-	-	-	-	1,535,000	0.40%	343	
2019	1,045,000	-	-	-	-	1,045,000	N/A	234	

NOTES: (1) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

See independent auditors' report.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2010	\$ 4,368,397	\$ -	\$ 4,368,397	0.48%	\$ 928
2011	4,062,673	-	4,062,673	0.45%	890
2012	3,747,890	-	3,747,890	0.41%	824
2013	* 3,418,739	-	3,418,739	0.44%	755
2014	3,045,000	-	3,045,000	0.39%	672
2015	3,000,000	-	3,000,000	0.38%	663
2016	2,440,000	-	2,440,000	0.31%	542
2017	2,005,000	-	2,005,000	0.25%	448
2018	1,535,000	-	1,535,000	0.19%	343
2019	1,045,000	-	1,045,000	0.13%	234

NOTES: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

* Revalued/Reassessed

See independent auditors' report.

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

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 9,194,852	100.00%	\$ 9,194,852
Regional High School	6,110,000	9.25%	564,906
County general obligation debt	83,452,933	4.05%	<u>3,380,396</u>
Subtotal, overlapping debt			13,140,154
School district direct debt			<u>1,535,000</u>
Total direct and overlapping debt			<u><u>\$ 14,675,154</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the county Board of Taxation. Debt outstanding data provided by each Governmental Unit.

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

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

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized Valuation Basis
	2018 \$ 858,419,255
	2017 871,348,140
	2016 880,542,327
	<u>\$ 2,610,309,722</u>
Average equalized valuation of taxable property	<u>\$ 870,103,241</u>
Debt limit (3.0% of average equalization value) (a)	\$ 26,103,097
Total net debt applicable to limit	<u>1,045,000</u>
Legal debt margin	<u>\$ 25,058,097</u>

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt limit	\$ 26,520,639	\$ 26,734,162	\$ 26,736,820	\$ 26,663,971	\$ 26,103,097
Total net debt applicable	<u>3,000,000</u>	<u>2,440,000</u>	<u>2,005,000</u>	<u>1,535,000</u>	<u>1,045,000</u>
Legal debt margin	<u>\$ 23,520,639</u>	<u>\$ 24,294,162</u>	<u>\$ 24,731,820</u>	<u>\$ 25,128,971</u>	<u>\$ 25,058,097</u>
Total net debt applicable to the limit as a percentage of debt limit	11.31%	9.13%	7.50%	5.76%	4.00%

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt limit	\$ 30,718,736	\$ 30,182,908	\$ 29,439,854	\$ 28,286,178	\$ 27,288,791
Total net debt applicable	<u>4,368,397</u>	<u>4,062,673</u>	<u>3,747,890</u>	<u>3,418,739</u>	<u>3,045,000</u>
Legal debt margin	<u>\$ 26,350,339</u>	<u>\$ 26,120,235</u>	<u>\$ 25,691,964</u>	<u>\$ 24,867,439</u>	<u>\$ 24,243,791</u>
Total net debt applicable to the limit as a percentage of debt limit	14.22%	13.46%	12.73%	12.09%	11.16%

Source: Equalized Valuation Basis was obtained from the annual report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit set by N.J.S.A. 18A:24-19

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2010	4,563	\$ 319,492,134	\$ 70,018	7.6%
2011	4,545	326,790,045	71,901	5.2%
2012	4,526	340,160,582	75,157	5.9%
2013	4,522	338,788,240	74,920	5.0%
2014	4,513	353,995,207	78,439	4.1%
2015	4,491	362,994,057	80,827	3.4%
2016	4,460	370,987,260	83,181	3.4%
2017	4,456	385,840,584	86,589	2.8%
2018	4,435	N/A	N/A	2.4%
2019	N/A	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

N/A Information's Not Available

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2019

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2010

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction										
Regular	36.0	35.0	35.0	34.0	34.0	35.0	35.0	36.5	34.0	35.6
Special education	8.0	7.0	7.0	7.0	7.0	10.0	9.0	10.0	11.7	13.3
Other special education	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	2.0	-
Support services										
Student and instruction related services	14.0	13.0	13.0	13.0	13.0	10.0	10.0	10.7	7.1	11.7
General administration	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
School administration services	3.0	3.0	3.0	2.0	2.0	2.0	2.0	1.0	3.1	2.1
Plant operations and maintenance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.6	5.8	6.4
Transportation services	7.0	6.0	6.0	6.0	6.0	1.0	1.0	0.6	0.6	0.2
Total	<u>81.0</u>	<u>77.0</u>	<u>77.0</u>	<u>75.0</u>	<u>75.0</u>	<u>71.0</u>	<u>70.0</u>	<u>71.2</u>	<u>68.3</u>	<u>73.3</u>

Source: District Personnel Records

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2010	477	\$ 7,927,071	\$ 16,619	-3.94%	49.0	1:10	480.0	-	-0.41%	0.00%
2011	463	8,094,426	17,483	5.20%	46.0	1:10	458.0	458.0	-4.58%	100.00%
2012	432	8,324,567	19,270	10.22%	43.0	1:19	479.0	439.0	4.59%	91.65%
2013	410	8,541,525	20,833	8.11%	45.0	1:19	432.0	456.0	-9.81%	105.56%
2014	411	8,766,576	21,330	2.39%	48.0	1:18	408.0	424.0	-5.56%	103.92%
2015	389	9,122,677	23,452	9.95%	45.0	1:18	411.0	396.0	0.74%	96.35%
2016	404	9,243,151	22,879	-2.44%	49.0	1:18	400.2	380.8	-2.64%	95.16%
2017	388	8,996,476	23,187	1.34%	49.0	1:14	384.2	367.3	-3.99%	95.60%
2018	386	9,356,713	24,240	4.54%	44.7	1:14	389.0	370.7	1.25%	95.28%
2019	373	9,819,930	26,327	8.61%	43.5	1: 9	373.0	356.0	-4.12%	95.44%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary.

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Delaware Township Elementary										
Square feet	91,575	91,575	91,575	91,575	91,575	91,575	91,575	97,575	104,893	104,893
Capacity (students)	620.0	620.0	620.0	620.0	620.0	620.0	620.0	620	620	620
Enrollment	458	477	463	432	410	389	379	384	364	373
Garage (2013)										
Square feet	N/A	N/A	N/A	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Number of Schools at June 30, 2019										
Elementary	1									
Other	1									

Source: District Facilities Office

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

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ended</u>	<u>Amount</u>	<u>Total</u>
2010	\$ 182,142	\$ 182,142
2011	209,042	209,042
2012	197,766	197,766
2013	222,999	222,999
2014	266,920	266,920
2015	173,899	173,899
2016	212,079	212,079
2017	153,166	153,166
2018	189,217	189,217
2019	213,367	213,367
Total school facilities	<u>\$ 2,020,597</u>	<u>\$ 2,020,597</u>

Source: District Records

Note: School Facilities as Defined Under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2019
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - School Alliance Insurance Fund		
Blanket Building and Contents (fund limit)	\$ 500,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
Comprehensive General Liability	5,000,000	-
Automobile Liability	5,000,000	-
Employee Benefit Liability	5,000,000	1,000
Excess Liability	5,000,000	-
Crime		
Blanket Employee Dishonesty	500,000	1,000
Forgery/Theft	50,000	1,000
School Board Legal Liability	5,000,000	5,000
Workers' Compensation - School Alliance Insurance Fund		
(a) Statutory Benefits	Included	-
(a) Employer's Liability	5,000,000	-
Supplemental Coverage (optional)	Included	-
Public Employees' Faithful Performance Blanket Position Bond - Selective Insurance Company		
School Business Administrator	180,000	-

See independent auditors' report.

SINGLE AUDIT SECTION



**Independent Auditors' 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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States 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, and the aggregate remaining fund information of the Delaware Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Delaware Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency as finding number 2019-001 and 2019-002.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding number 2019-001 and 2019-002.

Response to Findings

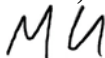
Delaware Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



BKC, CPAs, PC



Michael Holk, CPA, PSA

NO. 20CS00265600

December 12, 2019
Flemington, New Jersey



**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the
New Jersey OMB Circular Letter 15-08**

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

Report on Compliance for Each Major State Program

We have audited the Delaware Township School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2019. The 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the 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 District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

December 12, 2019
Flemington, New Jersey

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

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/18	Carryover Amount	Cash Received	Budgetary Expenditure	Adjust- ment	Repayment of Prior Year Balance	Balance June 30, 2019		
					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 A	84.010A	S010S180030	ESSA-1040-19	\$ 16,757	07/01/18	06/30/19	\$ -	\$ -	\$ -	\$ 16,757	\$ -	\$ -	\$ (16,757)	\$ -	\$ -
Title I A	84.010A	S010S170030	ESSA-1040-18	19,559	07/01/17	06/30/18	(19,559)	-	19,480	-	79	-	-	-	-
Title I A	84.010A	S010S160030	NCLB-1040-17	16,787	07/01/16	06/30/17	40	-	-	-	(40)	-	-	-	-
Title II A	84.367A	S367A180029	ESSA-1040-19	5,008	07/01/18	06/30/19	-	-	-	5,008	-	-	(5,008)	-	-
Title II A	84.367A	S367A170029	ESSA-1040-18	5,915	07/01/17	06/30/18	(5,915)	-	5,915	-	-	-	-	-	-
Title IV	84.424	S424A180031	ESSA-1040-19	10,000	07/01/18	06/30/19	-	-	-	9,958	-	-	(9,958)	-	-
Title IV	84.424	S424A170031	ESSA-1040-18	10,000	07/01/17	06/30/18	(10,000)	-	10,000	-	-	-	-	-	-
IDEA basic	84.027	H027A170100	IDEA-1040-18	84,742	07/01/17	06/30/18	(84,742)	-	84,742	-	-	-	-	-	-
IDEA basic	84.027	H027A180100	IDEA-1040-19	84,753	07/01/18	06/30/19	-	-	80,722	81,753	-	-	(1,031)	-	-
IDEA preschool	84.173	H173S170114	IDEA-1040-18	6,131	07/01/17	06/30/18	(6,131)	-	6,131	-	-	-	-	-	-
IDEA preschool	84.173	H173S180114	IDEA-1040-19	6,205	07/01/18	06/30/19	-	-	6,205	6,205	-	-	-	-	-
Rural education achievement program	84.358A	S358B173030	S358A173868	39,614	07/01/17	09/30/18	(39,614)	-	-	-	39,614	-	-	-	-
Rural education achievement program	84.358A	S358B183030	S358A184195	37,884	07/01/18	09/30/19	-	-	-	37,884	-	-	(37,884)	-	-
Total special revenue fund							<u>(165,921)</u>	<u>-</u>	<u>213,195</u>	<u>157,565</u>	<u>39,653</u>	<u>-</u>	<u>(70,638)</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture passed through State Department of Agriculture															
Enterprise fund															
Child nutrition center															
National school lunch program non-cash assistance (commodities)	10.555	181NJ304N1099	N/A	9,670	10/01/17	09/30/18	927	-	-	927	-	-	-	-	-
National school lunch program non-cash assistance (commodities)	10.555	191NJ304N1099	N/A	8,631	10/01/18	09/30/19	-	-	8,631	7,441	-	-	-	1,190	-
National school lunch program cash assistance	10.555	181NJ304N1099	N/A	17,157	10/01/17	09/30/18	(1,357)	-	1,357	-	-	-	-	-	-
National school lunch program cash assistance	10.555	191NJ304N1099	N/A	16,898	10/01/18	09/30/19	-	-	13,347	16,898	-	-	(3,551)	-	-
Total enterprise fund							<u>(430)</u>	<u>-</u>	<u>23,335</u>	<u>25,266</u>	<u>-</u>	<u>-</u>	<u>(3,551)</u>	<u>1,190</u>	<u>-</u>
Total federal financial assistance							<u><u>\$(166,351)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 236,530</u></u>	<u><u>\$ 182,831</u></u>	<u><u>\$ 39,653</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (74,189)</u></u>	<u><u>\$ 1,190</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

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

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2018		Cash Received	Budgetary Expenditure	Adjustment Repayments	Balance June 30, 2019			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Special education categorical aid	19-495-034-5120-089	\$ 267,084	07/01/18	06/30/19	\$ -	\$ -	\$ 242,545	\$ 267,084	\$ -	\$ -	\$ -	\$ -	\$ 24,539	\$ 267,084
School choice aid	19-495-034-5120-068	300,506	07/01/18	06/30/19	-	-	272,897	300,506	-	-	-	-	27,609	300,506
Security aid	19-495-034-5120-084	34,010	07/01/18	06/30/19	-	-	30,885	34,010	-	-	-	-	3,125	34,010
Adjustment aid	19-495-034-5120-085	360,927	07/01/18	06/30/19	-	-	327,767	360,927	-	-	-	-	33,160	360,927
Transportation aid	19-495-034-5120-014	167,383	07/01/18	06/30/19	-	-	152,005	167,383	-	-	-	-	15,378	167,383
Extraordinary aid	19-100-034-5120-473	87,029	07/01/18	06/30/19	-	-	-	87,029	-	(87,029)	-	-	-	87,029
Extraordinary aid	18-100-034-5120-473	35,423	07/01/17	06/30/18	(35,423)	-	35,562	139	-	-	-	-	-	35,423
Non-public transportation aid	19-495-034-5120-014	4,640	07/01/18	06/30/19	-	-	-	4,640	-	(4,640)	-	-	-	4,640
Non-public transportation aid	18-495-034-5120-014	4,930	07/01/17	06/30/18	(4,930)	-	4,930	-	-	-	-	-	-	4,930
On behalf TPAF Pension contribution - Teachers' Pension & annuity fund	19-495-034-5094-002	650,433	07/01/18	06/30/19	-	-	650,433	650,433	-	-	-	-	-	650,433
On behalf TPAF Pension contribution - non-contributory insurance	19-495-034-5094-004	13,615	07/01/18	06/30/19	-	-	13,615	13,615	-	-	-	-	-	13,615
On behalf TPAF Pension contribution - postretirement medical	19-495-034-5094-001	301,211	07/01/18	06/30/19	-	-	301,211	301,211	-	-	-	-	-	301,211
On behalf TPAF Pension contribution - long-term disability insurance	19-495-034-5094-004	253	07/01/18	06/30/19	-	-	253	253	-	-	-	-	-	253
Reimbursed TPAF Social Security contribution	19-495-034-5094-003	259,460	07/01/18	06/30/19	-	-	246,740	259,460	-	(12,720)	-	-	-	259,460
Reimbursed TPAF Social Security contribution	18-495-034-5094-003	245,980	07/01/17	06/30/18	(12,060)	-	12,060	-	-	-	-	-	-	245,980
Total general fund					<u>(52,413)</u>	<u>-</u>	<u>2,290,903</u>	<u>2,446,690</u>	<u>-</u>	<u>(104,389)</u>	<u>-</u>	<u>-</u>	<u>103,811</u>	<u>2,732,884</u>
State Department of Agriculture														
Enterprise fund														
State school lunch program	18-100-010-3350-023	992	07/01/17	06/30/18	(79)	-	79	-	-	-	-	-	-	992
State school lunch program	19-100-010-3350-023	919	07/01/18	06/30/19	-	-	727	919	-	(192)	-	-	-	919
Total enterprise fund					<u>(79)</u>	<u>-</u>	<u>806</u>	<u>919</u>	<u>-</u>	<u>(192)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,911</u>
Total state financial assistance					<u>\$ (52,492)</u>	<u>\$ -</u>	<u>\$2,291,709</u>	<u>2,447,609</u>	<u>\$ -</u>	<u>\$ (104,581)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$103,811</u>	<u>\$ 2,734,795</u>
Less: On behalf TPAF Pension system contributions								(965,512)						
Total for state financial assistance - major program determinator								<u>\$1,482,097</u>						

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2019

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Delaware Township School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using 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. The basis of accounting is described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,905 for the general fund and \$2,024 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2019

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Local	Federal	State	Total
General fund	\$ -	\$ -	\$ 2,450,595	\$ 2,450,595
Special revenue fund	4,000	159,972	-	163,972
Food service fund	-	25,266	919	26,185
Total awards and financial assistance	<u>\$ 4,000</u>	<u>\$ 185,238</u>	<u>\$ 2,451,514</u>	<u>\$ 2,640,752</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Adjustments on the schedule of expenditures of federal awards (K-3)

The adjustments reported for Title I for Fiscal Years 2017 and 2018 represent cancellations of an available balance and a prior year accounts receivable balance. The adjustment reported for the Rural Education Achievement Program represents a cancellation of a prior year accounts receivable balance.

Note 6 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2019. TPAF Social Security contribution represents the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2019.

Note 7 - Indirect costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
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. Were material weakness(es) identified? Yes No

2. Were significant deficiencies identified? Yes No

Noncompliance material to basic financial statements noted? Yes No

Federal Awards Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes No

2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs? _____

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)? Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs? _____

Did the auditee qualify as a low-risk auditee? Yes No

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2019

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

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? X Yes ___ No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? ___ Yes X No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? X Yes ___ No

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
<i>19-495-034-5120-089</i>	<i>State Aid Public Cluster:</i>
<i>19-495-034-5120-084</i>	<i>Special Education Categorical Aid</i>
<i>19-495-034-5120-085</i>	<i>Security Aid</i>
<i>19-495-034-5120-068</i>	<i>Adjustment Aid</i>
	<i>School Choice Aid</i>

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section II and III
For the Fiscal Year Ended June 30, 2019

Section II - Financial Statement Findings

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

Finding 2019-001

Criteria

Receipts of checks and cash should be classified correctly.

Condition

The District did not appear to classify all deposits accurately.

Context

Cash receipt accounting entries were not accurately classified.

Cause

Unknown

Effect

Deposit classifications were not accurate.

Recommendation

The District should implement procedures to ensure receipts of checks and cash are classified correctly.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section II and III (continued)
For the Fiscal Year Ended June 30, 2019

Section II - Financial Statement Findings (continued)

Finding 2019-002

Criteria

Reimbursement requests of all applicable costs for federal awards should be within the required time frame.

Condition

The School District did not submit the necessary application for Rural Education Achievement Program (REAP) costs in the required time frame.

Context

Reimbursement applications were not completed.

Cause

Unknown

Effect

Applications for reimbursement of federal awards were not completed resulting in uncollected money for allowable costs.

Recommendation

The District should request for reimbursement of all applicable costs within the required time frame in order to help offset expenditures.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section II and III (continued)
For the Fiscal Year Ended June 30, 2019

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2019.

**DELAWARE TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2019**

Status of Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action has not been taken on prior year finding number 2018-001, which is repeated in this year's recommendations noted as current year finding "2019-001".