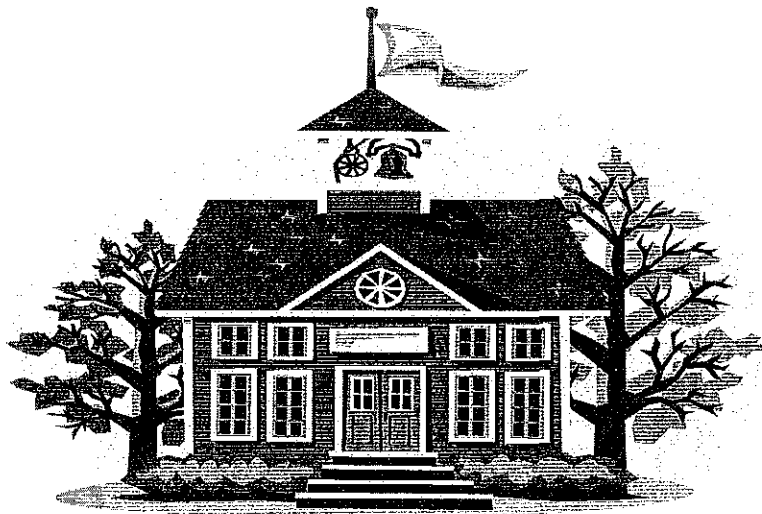


SCHOOL DISTRICT
OF
HOWELL TOWNSHIP



HOWELL TOWNSHIP BOARD OF EDUCATION
HOWELL TOWNSHIP, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

HOWELL TOWNSHIP BOARD OF EDUCATION

HOWELL TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PREPARED BY

**HOWELL TOWNSHIP BOARD OF EDUCATION
FINANCE DEPARTMENT**

HOWELL TOWNSHIP SCHOOL DISTRICT

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INTRODUCTORY SECTION



Howell Township Public Schools

PROUD OF OUR SCHOOLS – CONCERNED FOR OUR CHILDREN

December 5, 2019

Honorable President and
Members of the Board of Education
Howell Township School District
Howell, New Jersey

Dear Members of the Board of Education:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the Howell Township School District for the fiscal year ended June 30, 2019. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, 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 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 as follows:

- ◆ The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U. S. Office of Management and Budget Title 2 Code of Federal Regulations, Part 200, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Howell Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Howell Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of programs and services appropriate to grades K through 8. These include regular education, programs for all students including those most in need of challenge, those who are very able students (gifted and talented), as well as special education for children with disabilities in and out of district. Ten elementary schools (five primary and five elementary) and two middle schools comprise the district's facilities.

Supervising district-wide goals is a district superintendent, an assistant superintendent for curriculum and personnel, an assistant superintendent of pupil services, an assistant superintendent of business administration/board secretary, three district-wide curriculum supervisors, three supervisors of special education, and a director of innovative digital learning.

The Board of Education, comprised of nine members, each elected to three-year terms, meets on the first and third Wednesday of each month for the regular Board Meeting and other times each month for committee meetings. Each committee is comprised of three Board members, one serving as chair, and three appointed citizen members. During its meetings the board determines district goals and priorities and conducts the business of the Board of Education. Board and Board committee meetings are open to the public.

PTAs/PTOs/SEPAC (Special Education Parents Advisory Council) are highly active in the district and provide community support for a variety of programs and activities for the children.

To maintain effective communications, the district produces school and district newsletters. Howell Highlights, the district newsletter, is emailed to all parents in the community, in order to keep them well informed of school and district events. The district also utilizes its web site to publish the board agenda in an effort to keep all interested citizens apprised of district operations and activities. Parents with email addresses can sign up for Newsbytes and School Alerts. Further, parents can stay informed by signing up for the district's twitter account.

Each of the schools in the district follows the district-wide goals and educational curriculum in the education of children, while maintaining a unique personality that makes up that particular school. All curricula in the district have been aligned to the Common Core State Standards.

The mission of the Howell Township School District is to educate students at all grade levels to achieve the Standards and challenge them to become skillful communicators, independent thinkers, and life-long learners. In reaching their full potential, our children will develop individual, social, and civic responsibility as well as respect for themselves and their environment. To this end the district has developed a comprehensive curriculum for each grade and each subject area that is rich in content while focusing on the individual needs of the students.

Elementary Schools: Grades K through 5

Currently, there is one PreK to grade two elementary school (Land O'Pines), four grade K-2 elementary schools (Adelphia School, Greenville School, Griebing School, and Taunton School)

and five grade 3-5 elementary schools (Aldrich School, Ardena School, Memorial Elementary School, Newbury School, and Ramtown School)providing a comprehensive educational program.

The district's balanced literacy program focuses on the development of phonics, phonemic awareness, vocabulary, comprehension, and fluency. Literacy is taught through a writing workshop approach and is integrated throughout all disciplines. Emphasis is placed on growing joyful readers and writers through a community of collaboration.

Mathematics skills and concepts are presented using a variety of hands-on materials and activities. Technology is used as an instructional tool for the students through video tutorials, fluency practice, and problem solving. An emphasis is placed on providing real-life meaningful experiences so that students develop conceptual understanding and an appreciation for mathematics.

Inquiry and discovery are the foundations of the science program. The students develop a better understanding of the world around them by developing experiments and applying the scientific method.

The units of instruction for the social studies program are theme-based and promote literacy in the areas of geography, history, economics, and civics.

Students begin learning Spanish in kindergarten and continue through the fifth grade. The students learn the language through conversational techniques, as well as develop an appreciation for the cultures that speak Spanish. At the middle school level, all students participate in World Language instruction. Upon entering the middle school, students may elect to either continue their studies in Spanish, or begin studies in French.

All elementary schools (K-2 and 3-5) offer enrichment cluster grouping to students identified as gifted and talented. In addition, at one elementary (3-5) school, a self-contained 4th and 5th grade program is provided to identify students who demonstrate giftedness.

Howell Township Middle Schools: Grades 6 through 8

Grades six through eight are housed at the district's two middle schools. Each school is divided into "houses." Each "house" is designed as a "school within a school." The "houses" are further divided into teams. Each team has an assigned group of teachers and students. The team approach allows the faculty to develop positive relationships with a relatively small group of students. The district has found this team approach to be very successful at minimizing discipline problems and allowing the teachers to get a sense of each student's individual needs.

At the middle school the Gifted and Talented program is expanded to provide math acceleration in grades 6th, 7th and 8th, with a rigorous enrichment course of study in science, social studies and language arts.

Special Education

Special Education is an integral part of the educational system in the Howell Township Schools. Our school district educates approximately 885 students who receive services based on their eligibility for special education and related services. A full continuum of services is provided for students with disabilities. Class placements for students with IEPs include preschool disabled, integrated preschool, general education classes with specialized support, in-class and pull-out resource programs, and many special class programs. All students are included with typical peers to the maximum extent possible, and many students are fully included in general education classes

with the appropriate supplementary aids and services. Additionally, students with disabilities are encouraged to participate in extracurricular activities, and are afforded the support of peer mentors or paraprofessionals, as needed, in order to fully benefit from the activities offered. All students' programs are individualized based on their IEPs, which are developed by a multi-disciplinary team which includes their parent/s.

Core Curriculum Contents Standards

All district curricula is aligned with the Common Core State Standards/New Jersey Standards for Student Learners (NJSSL) for Mathematics and Language Arts Literacy, and the New Jersey Core Content Curriculum Standards for Visual and Performing Arts; Comprehensive Health and Physical Education; Science; Social Studies; World Languages; Technology; and 21st-Century Life and Careers. In grades 6-8, the science standards will transition to the Next Generation Science Standards in the Fall 2016.

Staff Development

The Howell Township Public Schools System provides its teaching and support staff with many opportunities for professional development.

All professional development in Howell Township addresses the Eight Key Elements of High Quality Professional Development. The professional learning opportunities align to the Standards for professional learning. To improve, impact, all professional development is developed using the Principals of Adult Learning Theory.

In the beginning of the school year all newly hired teachers receive intensive in-service, encompassing training in instructional strategies, classroom management, curriculum, Common Core/NJSSL State Standards, mentoring, technology, district policy and mandated trainings, such as Affirmative Action and Harassment, Intimidation and Bullying. Mentors are assigned to novice teachers to provide support throughout the school year.

Professional development days are built into the school calendar to enable teachers to attend sessions related to instructional strategies, curricular updates, content standards, data driven decision making, and district-wide grade level and department articulation meetings.

Buildings utilize PLC's to organize a collection of information regarding patterns of student performance. That data is synthesized by our SCIP's with data regarding patterns of instructional practice.

Technology

District-Wide technology is used to enrich teaching and learning, facilitate communication among all members of the educational community, and to increase productivity. All classrooms, computer labs, media centers, and offices in each of the twelve schools and administrative buildings are linked together via local and wide area voice and data networks. All administrators, teachers, and support staff members have computing capability with high speed Internet access and are provided email and voice mail accounts. To assist teachers and students in delivering content and collaborating with peers and colleagues, all classrooms in the district are equipped with ceiling

mounted LCD projectors and/or projection devices capable of presenting content via sources such as Apple TVs and/or document cameras.

In addition, all schools are equipped with mobile student laptops that connect wirelessly to the network. Students in grades K-2 are assigned an iPad at a shared ratio of 2:1 and students in grades 3-8 are assigned a laptop at a 1:1 ratio. All building administrators have access to laptop computers, allowing for complete mobility. Mobile tablet devices were provided to all observers in support of their work with AchieveNJ and School Improvement Panels.

Pupil Enrollment

The following details the changes in the student enrollment of the district over the last ten years. The table presents the actual historical pupil enrollment, as of October 15, for the school years 2005-2016 through 2017-2018.

<u>School Year</u>	<u>Enrollment As of October 15</u>
2005-06	7259
2006-07	7289
2007-08	7090
2008-09	6920
2009-10	6783
2010-11	6773
2011-12	6541
2012-13	6335
2013-14	6277
2014-15	6153
2015-16	6004
2016-17	5949
2017-18	5923
2018-19	5611

2. ECONOMIC CONDITION AND OUTLOOK

The rate of new home construction continues to stagnate and is reflected in a continued enrollment decline. Current housing continues to turn over but the movement of young families with children has slowed.

3. MAJOR INITIATIVES

Construction

District-wide roofing projects were completed, and masonry construction initiatives began during the 2014-2015 school year with the award of the NJ School Development Authority ROD grant funds. The district implemented ESIP in the 2018-2019 school year and completion is anticipated in the 2019-2020 school year. The district continues to address systematic upgrades/parking lots/roofing replacement and other building components on an ongoing basis.

Pupil Services

- ❖ Multi-sensory reading programs
- ❖ Assistive and instructional technology devices for students with disabilities
- ❖ Board Certified Behavior Analysts
- ❖ Ongoing training/professional development in all areas relative to working with students with special needs
- ❖ Inclusive classrooms
- ❖ Preschool Disabled and Integrated Preschool Programs
- ❖ Life Skills classrooms and instruction
- ❖ Crisis Management certification for staff
- ❖ Crisis Response Network
- ❖ Tools of the Mind Preschool curriculum
- ❖ Community-based instruction as appropriate
- ❖ Parent outreach services

Business

The Business Office continued to be busy in the 2018-2019 school year. Accomplishment/initiatives in this school year were as follows:

- ❖ Internal review and follow up for high dollar health insurance claims resulted in savings to the district
- ❖ The expansion of the district's central purchasing system implemented in 2014-2015 continues to result in savings for the district's common purchases
- ❖ The business office provided continued training and ongoing support to remote users of Systems 3000 to assure the procedures are in place
- ❖ The business office provided several training sessions to Administrators and support staff for compliance with New Jersey Public School Contract Laws Title 18A:18A, et. seq
- ❖ The Assistant Superintendent of Business Administration continues as the certified purchasing agent, with a bid threshold limit of \$40,000.
- ❖ Streamlining of business functions through increased applications of technology.
- ❖ Continued compliance with State and Federal mandates while minimizing impact on other business workflow.
- ❖ The district began implementation of its ESIP initiative which reduces waste and makes the district's schools more energy efficient and sustainable.

Personnel

The district employed 1162 persons during the 2018-2019 school year. The certificated staff numbered 626 including 36 administrators and supervisors and 590 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.). 398 other employees, including instructional assistants, school aides, bus drivers and attendants, secretaries and clerk-typists, and custodial and maintenance employees were also part of the staff.

One of the greatest challenges in a school district is to maintain high standards for its staff, especially, during a period when acute teacher shortages in some areas persisted. The district was able to accomplish this through a highly competitive recruitment and selection process.

Additionally, an impressive array of in-service opportunities allowed staff members to stay current and to improve their instructional skills; a hallmark of a progressive and innovative school district.

The district, for example, continued its new teacher mentoring program. All newly certified teachers and most teachers new to the district were assigned mentors as well as supervisory advocates to assist them in their first year. District administrators further provided these teachers with an extensive in-service program designed to help them acclimate to their new working environment.

INTERNAL ACCOUNTING CONTROLS

Management of the district is responsible for establishing and maintaining an internal control system 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 system 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 awards, the district also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system 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 adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS

In addition to internal accounting controls, the district maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the board of education. Annual appropriated budgets are adopted for the general fund, the special revenue funds, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

6. CASH MANAGEMENT

The investment policy of the district is guided in large part by state statute. The district has adopted a cash management plan, which requires it to deposit public funds in public depositories protected

from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. 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, fidelity bonds and worker's compensation.

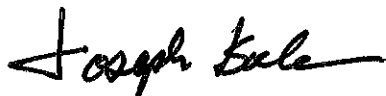
8. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPA's, was selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet requirements of the Single Audit Act of 1996, as amended and the Title 2 U.S. Code of Federal Regulations, Part 200 and the New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements and as well as both the required and other supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

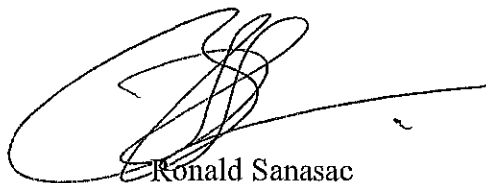
9. ACKNOWLEDGMENTS

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

Respectfully submitted,



Joseph J. Isola
Superintendent of Schools



Ronald Sanasac
Assistant Superintendent of Business
Administration/Board Secretary

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

ROSTER OF OFFICIALS
JUNE 30, 2019

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mark Bonjavanni, President	2020
Albert Miller, Vice President	2021
Laurence Gurman	2020
Scott Jeffrey	2022
Denise Lowe	2021
Cristy Mangano	2020
MaryRose Malley	2022
Jennifer Okerson	2022
Ira Thor	2021

Other Officials

Mr. Joseph Isola, Superintendent

Mr. Ronald Sanasac, Assistant Superintendent of Business Administration/Board Secretary

Mrs. Patricia Callander, Assistant Superintendent

Mr. Bruce Preston, Assistant Superintendent

HOWELL TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

Robert A. Hulsart & Co.
2807 Hurley Pond Road
Wall, New Jersey 07719

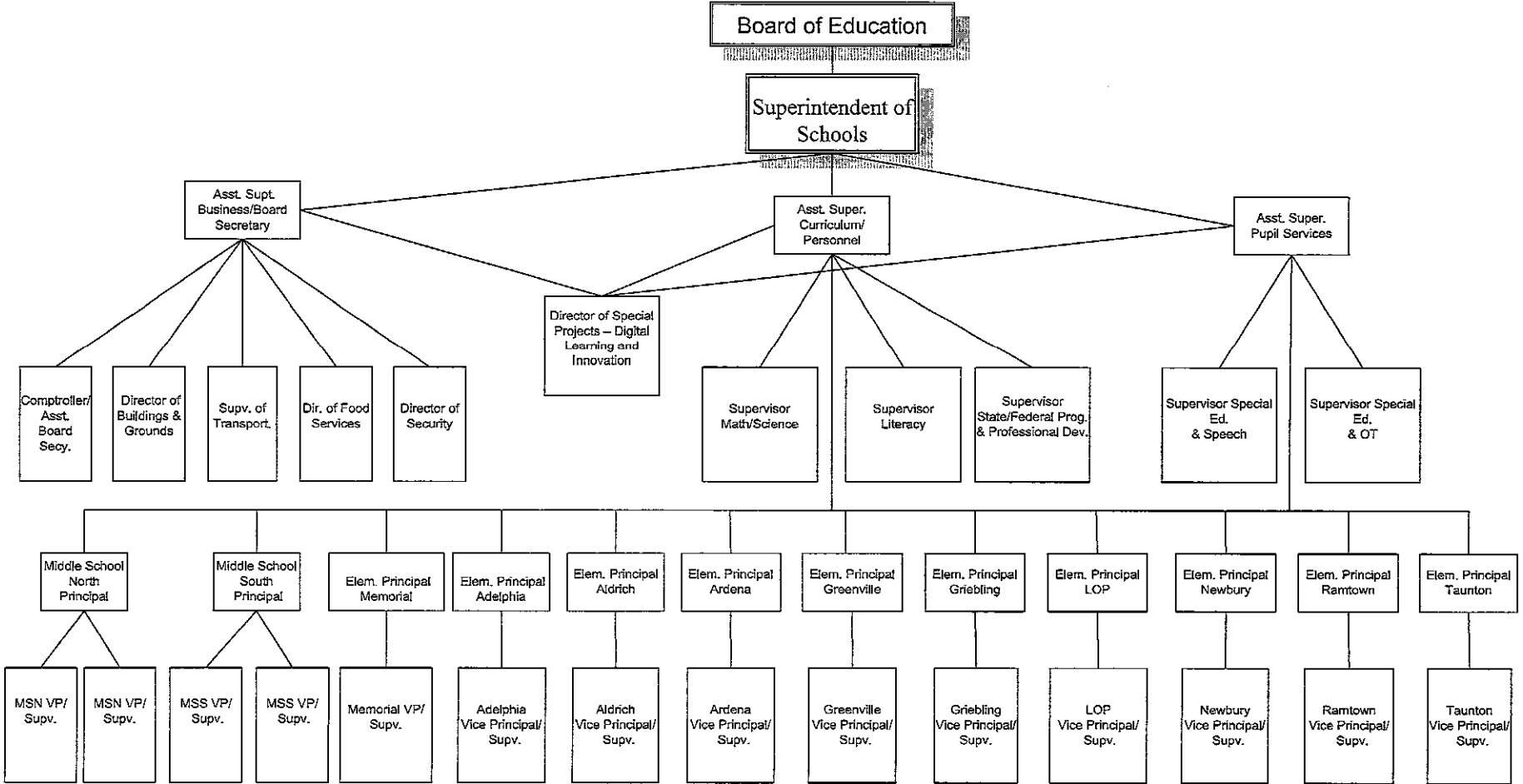
Attorney

Bathgate, Wegener, & Wolf
One Airport Road
Lakewood, New Jersey 08701

Official Depository

TD Bank
Howell, New Jersey 07731

Howell Township Public Schools Organizational Chart Administration 2018-2019



FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Howell Township School District
County of Monmouth
Howell Township, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Howell Township School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Howell Township School District, in the County of Monmouth, State of New Jersey, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

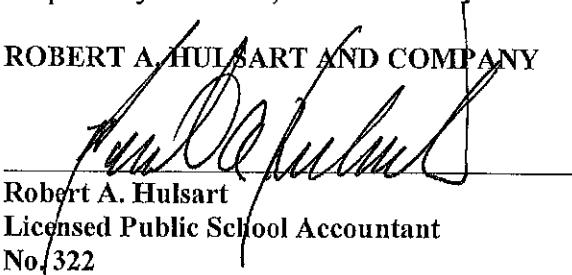
The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 on our consideration of the Howell Township's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Howell Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY



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

December 5, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

**HOWELL TOWNSHIP PUBLIC SCHOOL DISTRICT
HOWELL TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

UNAUDITED

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

The MD&A is a new element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999.

Financial Highlights

Key financial highlights for 2019 are as follows:

- ◆ General revenues accounted for \$130,704,661 in revenue or 96.5% percent of all revenues. Program specific revenue in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,831,664 or 3.5% percent to total revenues of \$135,536,325.
- ◆ The School District had \$126,473,620 in expenses; only \$ 4,831,664 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$130,704,661 were adequate to provide for these programs.
- ◆ The General Fund had \$126,805,016 in revenues and \$121,165,942 in expenditures.

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 Howell Township Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

- ◆ Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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 are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) among governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

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

The School District as a Whole

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 the fiscal year 2018 and 2019.

	2019	2018
Assets		
Current and other assets	\$ 43,882,648	\$ 25,010,090
Capital assets, net	<u>82,596,558</u>	<u>80,566,737</u>
Total assets	<u>\$126,479,206</u>	<u>\$105,576,827</u>
Deferred Outflow of Resources	<u>\$ 9,194,937</u>	<u>\$ 13,498,008</u>
Deferred Inflows of Resources	<u>\$ 15,814,262</u>	<u>\$ 11,377,358</u>
Liabilities		
Long-term liabilities	\$ 67,631,530	\$ 65,435,857
Other liabilities	<u>6,065,979</u>	<u>6,750,328</u>
Total liabilities	<u>\$ 73,697,509</u>	<u>\$ 72,186,185</u>
Net Position		
Invested in capital assets, net of debt	\$ 54,610,758	\$ 64,929,737
Restricted	36,619,270	19,492,760
Unrestricted	<u>(45,067,656)</u>	<u>(48,911,205)</u>
Total Net Position	<u>\$ 46,162,372</u>	<u>\$ 35,511,292</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 59% percent of revenues for governmental activities for the Howell Township Public School District for fiscal year 2019. Federal, state and local grants accounted for another 41%.

Business-Type Activities

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

- ◆ Food service revenues exceeded expenditures by \$206,544.
- ◆ Charges for services represent \$1,254,445 of revenue. This represents amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$624,612.

Governmental Activities

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

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

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

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

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

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

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

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

The School District's Funds

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

As the School Board completed the fiscal year ending June 30, 2019, it reported a combined net position balance of \$46,162,372. The reconciliation of the Statement of Revenue Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities present the reader with a detailed explanation to the differences between the net change in fund balances and changes in net position.

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

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

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The excesses will be carried forward into the beginning fund balance for the 2018-2019 fiscal year and will be used to fund the 2019-2020 fiscal budget.

The increase in debt service is attributed to additional construction programs.

Capital Assets

At the June 30, 2019, the School District had approximately \$82,513,858 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table 2 below shows the net book value of capital assets at the end of the 2018 and 2019 fiscal years.

Table 2
Capital Assets (Net of Depreciation) at June 30

	2019	2018
Land	\$ 5,348,018	\$ 5,348,018
Building and improvements	67,547,720	\$ 66,188,102
Machinery and equipment	9,618,120	\$ 8,947,917
Totals	<u>\$ 82,513,858</u>	<u>\$80,484,037</u>

Debt Administration

At June 30, 2019, the School district had \$72,241,530 as outstanding debt. Of this amount, \$5,462,999 is for compensated absences, \$758,000 for capital leases, \$38,110,531 of pension obligations and the balance \$27,910,000 for bonds for school construction.

Economic Factors and Next Year's Budget

The Howell Township Public School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Township of Howell is primarily a residential community, with very few ratables, and is presently experiencing a slowing of what little ratable growth had been experienced. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which are voted by the residents annually.

The (\$45,077,934) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. This means that if the School Board had to pay off all bills today, including all of the School Board's non concurrent liabilities such as compensated absences, the School Board would have a deficit of (\$45,077,934).

At this time, the most important factor affecting the budget is the unsettled situation with State Aid and Tax Levy caps. Since expenses continue to increase due to inflationary and legislative pressures and revenues are fixed, the district must reduce expenses to compensate.

The School Board cannot accurately forecast future enrollment, but presently is experiencing a reversal of the past growth trend.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School district's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or require additional information contact Ronald Sanasac, Business Administrator/Board Secretary at Howell Township Board of Education, P.O. Box 579, Howell, New Jersey 07731.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

STATEMENT OF NET POSITION

JUNE 30, 2019

**Exhibit A-1
Sheet 1 of 2**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 35,335,915	387,976	35,723,891
Receivables, Net	3,209,255	104,850	3,314,105
Inventory			-
Restricted Assets:			
Cash and Cash Equivalents	4,844,652		4,844,652
Capital Assets-Non-Depreciable	5,348,018		5,348,018
Capital Assets, Net	<u>77,165,840</u>	<u>82,700</u>	<u>77,248,540</u>
Total Assets	<u>125,903,680</u>	<u>575,526</u>	<u>126,479,206</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>9,194,937</u>		<u>9,194,937</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>15,814,262</u>		<u>15,814,262</u>
<u>Liabilities</u>			
Accounts Payable	127,777	482,548	610,325
Accrued Interest	796,480		796,480
Deferred Revenue	49,174		49,174
Noncurrent Liabilities:			
Due Within One Year	4,610,000		4,610,000
Due Beyond One Year	<u>67,631,530</u>		<u>67,631,530</u>
Total Liabilities	<u>73,214,961</u>	<u>482,548</u>	<u>73,697,509</u>

STATEMENT OF NET POSITION

JUNE 30, 2019

Exhibit A-1
Sheet 2 of 2

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Net Positions</u>			
Invested in Capital Assets, Net of Related Debt	54,528,058	82,700	54,610,758
Restricted For:			
Debt Service	159,654		159,654
Capital Projects	15,827,557		15,827,557
Other Purposes	20,632,059		20,632,059
Unrestricted	<u>(45,077,934)</u>	<u>10,278</u>	<u>(45,067,656)</u>
Total Net Position	<u>\$ 46,069,394</u>	<u>92,978</u>	<u>46,162,372</u>

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

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular	\$ 29,998,441			(29,998,441)		(29,998,441)
Special Education	14,101,765		1,640,549	(12,461,216)		(12,461,216)
Other Special Instruction	2,469,425			(2,469,425)		(2,469,425)
Other Instruction	517,936			(517,936)		(517,936)
Support Services:						
Tuition	1,012,512	734,731		(277,781)		(277,781)
Student & Instruction Related Services	12,091,100		577,327	(11,513,773)		(11,513,773)
School Administrative Services	4,709,603			(4,709,603)		(4,709,603)
General and Business Administrative Services	1,403,948			(1,403,948)		(1,403,948)
Plant Operations and Maintenance	9,829,575			(9,829,575)		(9,829,575)
Pupil Transportation	8,560,330			(8,560,330)		(8,560,330)
Unallocated Benefits	36,054,630			(36,054,630)		(36,054,630)
Business & Other Support Services	1,685,237			(1,685,237)		(1,685,237)
Special Schools	256,798			(256,798)		(256,798)
Capital Outlay	(2,056,400)			2,056,400		2,056,400
Interest on Long-Term Debt	1,050,613			(1,050,613)		(1,050,613)
Unallocated Depreciation	3,115,593			(3,115,593)		(3,115,593)
Total Government Activities	124,801,106	734,731	2,217,876	(121,848,499)	-	(121,848,499)
Business-Type Activities:						
Food Service	1,672,513	1,254,445	624,612		206,544	206,544
Total Primary Government	126,473,619	1,989,176	2,842,488	(121,848,499)	206,544	(121,641,955)

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

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purpose, Net			\$ 73,908,669		73,908,669
Taxes Levied for Debt Service			4,609,831		4,609,831
Federal and State Aid Not Restricted			50,476,532		50,476,532
Miscellaneous Income			1,709,629		1,709,629
Total General Revenues, Special Items, Extraordinary Items and Transfers			130,704,661	-	130,704,661
Other Financing Sources (Uses):					
Premium on Sale of Bonds			1,588,375		1,588,375
Total Other Financing Sources (Uses)			1,588,375	-	1,588,375
Change in Net Position			10,444,537	206,544	10,651,081
Net Position - Beginning			35,624,857	(113,566)	35,511,291
Net Position - Ending			\$ 46,069,394	92,978	46,162,372

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash - Unrestricted	\$ 4,844,652				4,844,652
Cash - Restricted	\$ 20,632,059		14,544,202	159,654	35,335,915
Receivables from Other Governments	763,332	1,067,608	1,349,213		3,180,153
Accounts Receivable		29,102			29,102
Interfund Receivable	1,017,617				1,017,617
Total Assets	\$ 27,257,660	1,096,710	15,893,415	159,654	44,407,439
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ 32,000	29,919	65,858		127,777
Interfund Payable		1,017,617			1,017,617
Deferred Revenue		49,174			49,174
Total Liabilities	32,000	1,096,710	65,858	-	1,194,568
Fund Balance:					
Restricted for:					
Excess Surplus - Current Year	3,000,000				3,000,000
Committed To:					
Designated for Subsequent Years Expenditures -					
Excess Surplus	3,000,000				3,000,000
Maintenance Reserve	4,799,281				4,799,281
Designated for Subsequent Years Expenditures - Maintenance Reserve	3,125,930				3,125,930
Capital Reserve Account	5,580,004				5,580,004
Designated for Subsequent Years Expenditures - Capital Reserve	1,126,844				1,126,844
Assigned To:					
Other Purposes	7,584,313				7,584,313
Designated for Subsequent Years Expenditures by the BOE					-
Unassigned:					
General Fund	(990,712)				(990,712)
Capital Projects			15,827,557		15,827,557
Debt Service Fund				159,654	159,654
Total Fund Balances	27,225,660	-	15,827,557	159,654	43,212,871
Total Liabilities and Fund Balance	\$ 27,257,660	1,096,710	15,893,415	159,654	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$172,985,393 and the accumulated depreciation is \$90,471,535.	82,513,858
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(72,241,530)
Deferred outflow of resources - contributions to the pension plan	9,194,937
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(15,814,262)
Accrued Interest	(796,480)
Net position of governmental activities	\$ 46,069,394

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Local Sources:					
Local Tax Levy	\$ 73,908,669			4,609,831	78,518,500
Tuition Charges	734,731				734,731
Miscellaneous - Building Use	94,605				94,605
Miscellaneous	<u>1,223,111</u>	<u>14,038</u>	<u>-</u>		<u>1,237,149</u>
Total Local Sources	75,961,116	14,038	-	4,609,831	80,584,985
State Sources	50,359,025	108,458		24,545	50,492,028
Federal Sources	<u>92,962</u>	<u>2,095,380</u>			<u>2,188,342</u>
Total Revenues	<u>126,413,103</u>	<u>2,217,876</u>	<u>-</u>	<u>4,634,376</u>	<u>133,265,355</u>
Expenditures					
Current:					
Regular Instruction	29,008,253				29,008,253
Special Education Instruction	12,461,216	1,640,549			14,101,765
Other Special Instruction	2,469,425				2,469,425
Other Instruction	517,936				517,936
Support Services and Undistributed Costs:					
Tuition	1,012,512				1,012,512
Student and Instruction Related Services	11,513,773	577,327			12,091,100
School Administrative Services	4,709,603				4,709,603
Other Administrative Services	1,403,948				1,403,948
Plant Operations and Maintenance	9,829,575				9,829,575
Pupil Transportation	8,560,330				8,560,330
Business and Other Support Services	1,685,237				1,685,237
Unallocated Benefits	36,424,170				36,424,170
Special Schools	256,798				256,798
Debt Service:					
Principal				3,975,000	3,975,000
Interest and Other Charges				499,729	499,729
Capital Outlay	<u>1,313,166</u>		<u>3,694,848</u>		<u>5,008,014</u>
Total Expenditures	<u>121,165,942</u>	<u>2,217,876</u>	<u>3,694,848</u>	<u>4,474,729</u>	<u>131,553,395</u>

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

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	5,247,161	-	(3,694,848)	159,647	1,711,960
Other Financing Sources (Uses)					
Sale of Revenue Bonds			14,925,000		14,925,000
Fund 20 Adjustment	391,913				391,913
Premium on Sale of Revenue Bonds			1,588,375		1,588,375
Total Other Financing Sources (Uses)	<u>391,913</u>	<u>-</u>	<u>16,513,375</u>	<u>-</u>	<u>16,905,288</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	5,639,074	-	12,818,527	159,647	18,617,248
Fund Balance - July 1	<u>21,586,586</u>	<u>-</u>	<u>3,009,030</u>	<u>7</u>	<u>24,595,623</u>
Fund Balance - June 30	<u>\$ 27,225,660</u>	<u>-</u>	<u>15,827,557</u>	<u>159,654</u>	<u>43,212,871</u>

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

HOWELL TOWNSHIP SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ 18,617,248
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	(3,115,593)	
Capital Outlays	<u>7,064,414</u>	3,948,821
Bond proceeds increase the amount of long-term liabilities in the statement of net position and is not reported in the statement of activities		(14,925,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		3,975,000
In the statement of activities certain operating expenses, compensated absences are measured by the amount earned during the year. In the government funds however, expenditures for these items are reported in the amount of financial resources paid.		(990,188)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		(4,303,071)
Pension Related Deferrals		(4,436,904)
Net Pension Liability		9,109,515
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.		<u>(550,884)</u>
Change in Net Position of Governmental Activities (A-2)		<u>\$ 10,444,537</u>

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

HOWELL TOWNSHIP SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2019

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 387,976
Accounts Receivable:	
State	1,521
Federal	44,980
Inventory	58,349
Total Current Assets	<u>492,826</u>
Noncurrent Assets:	
Equipment	1,207,305
Accumulated Depreciation	<u>(1,124,605)</u>
Total Fixed Assets	<u>82,700</u>
Total Assets	<u>\$ 575,526</u>
<u>Liabilities</u>	
Accounts Payable	<u>\$ 482,548</u>
<u>Net Position</u>	
Investment in Capital Assets	\$ 82,700
Unrestricted	<u>10,278</u>
Total Net Position	<u>\$ 92,978</u>

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

HOWELL TOWNSHIP SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN ACTIVITIES

Exhibit B-5

PROPRIETARY FUNDSJUNE 30, 2019

	<u>Enterprise Fund</u>
Operating Revenues:	
Daily Sales-Reimbursable Programs	\$ 680,161
Daily Sales-Non-Reimbursable Programs	549,384
Miscellaneous	24,900
Total Operating Revenues	<u>1,254,445</u>
Operating Expenses:	
Salaries & Benefits	792,677
Cost of Sales-Reimbursable Programs	312,001
Cost of Sales-Non-Rembursable Programs	255,274
Other Purchased Services	174,247
Miscellaneous	138,314
Operating Expenses	<u>1,672,513</u>
Operating Gain/(Loss)	(418,068)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	17,334
Federal Sources:	
National School Lunch Program	429,313
Breakfast Program	68,654
Federal HHFKA Program	20,134
Food Distribution Program	89,177
Total Non-Operating Revenues	<u>624,612</u>
Change in Net Position	206,544
Net Position - July 1	<u>(113,566)</u>
Net Position - June 30	<u>\$ 92,978</u>

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

HOWELL TOWNSHIP SCHOOL DISTRICTSTATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2019

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,254,445
Payments to Employees & Benefits	(792,677)
Payments to Supplies	(735,751)
Net Provided (Used) by Operating Activities	<u>(273,983)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	17,334
Federal Sources	518,101
Net Cash Provided by Noncapital Financing Activities	<u>535,435</u>
Net Increase (Decrease) in Cash and Cash Equivalents	261,452
Balance - July 1	<u>126,524</u>
Balance - June 30	<u>\$ 387,976</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (418,068)
Federal Commodities	89,177
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Decrease/(Increase) in Inventory	(20,615)
(Decrease)/Increase in Accounts Payable	69,647
Decrease/(Increase) in Accounts Receivable	5,876
Net Provided (Used) by Operating Activities	<u>\$ (273,983)</u>

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

HOWELL TOWNSHIP SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITIONFIDUCIARY FUNDS

Exhibit B-7

JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>
Assets:	
Cash and Cash Equivalents	\$ 198,710
Total Assets	<u>\$ 198,710</u>
Net Position:	
Reserved - Unemployment Claims	\$ 198,710
Total Net Position	<u>\$ 198,710</u>

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

HOWELL TOWNSHIP SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>
<u>Additions</u>	
Contributions:	
Plan Member	\$ 103,486
Total Contributions	<u>103,486</u>
<u>Deductions</u>	
Unemployment Claims	<u>86,880</u>
Total Deductions	<u>86,880</u>
Change in Net Position	16,606
Net Position - July 1	<u>182,104</u>
Net Position - June 30	<u><u>\$ 198,710</u></u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION

HOWELL TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Howell Township School District is a Type II district located in the County of Monmouth, 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 Howell Township School District had an approximate enrollment at June 30, 2019 of 5,611 students.

The students Grades 9-12 are educated by the Freehold Regional High School District of which Howell Township is a member.

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

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

B. Government-Wide Financial Statements

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

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

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

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

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

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

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

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

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

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

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

Proprietary Fund Type

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

Fiduciary Fund Types

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

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control:

Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2019 were insignificant.

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

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

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

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 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 following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types. Note that the District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

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

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

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

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

G. Short-Term Interfund Receivables/Payables:

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

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

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

I. Capital Assets and Depreciation

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

The District contracted with an outside service company during the 2004 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2003-2004 fiscal year and prior with a historical cost of \$2,000 or more. The records have been updated to June 30, 2019. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 5,348,018	_____	_____	5,348,018
Total Capital Assets Not Being Depreciated	<u>5,348,018</u>	_____	_____	<u>5,348,018</u>
Depreciable Assets:				
Site Improvements	9,576,437	624,500		10,200,937
Buildings	124,715,551	2,257,271		126,972,822
Machinery & Equip.	<u>28,235,773</u>	<u>2,227,843</u>	_____	<u>30,463,616</u>
Total	<u>162,527,761</u>	<u>5,109,614</u>	_____	<u>167,637,375</u>
Less: Accumulated Depreciation:				
Sites	(6,145,200)	(400,741)		(6,545,941)
Buildings	(61,958,686)	(1,121,412)		(63,080,098)
Machinery & Equip.	<u>(19,287,856)</u>	<u>(1,593,440)</u>	35,800	<u>(20,845,496)</u>
Total Accumulated Depreciation	<u>(87,391,742)</u>	<u>(3,115,593)</u>	35,800	<u>(90,471,535)</u>
Net Depreciable Assets	<u>75,136,019</u>	<u>1,994,021</u>	35,800	<u>77,165,840</u>
Governmental Activities Capital Assets (Net)	<u>\$ 80,484,037</u>	<u>1,994,021</u>	35,800	<u>82,513,858</u>

Depreciations expense was charged to governmental functions as follows:

Unallocated \$ 3,115,593

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2019</u>
Business-Type Activities:				
Equipment	\$ 1,207,305			1,207,305
Less: Accumulated Depreciation:				
Equipment	<u>(1,124,605)</u>	_____	_____	<u>(1,124,605)</u>
Business-Type Capital Assets (Net)	<u>\$ 82,700</u>	_____	_____	<u>82,700</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned. Deferred revenue in the general fund represents monies received for fiscal year 2015. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

M. Net Position

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

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

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

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

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

Fund Balance

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

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

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

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

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

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

Investments

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

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

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Investments (Continued)**

As of June 30, 2019, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Checking and Money Market Accounts	<u>\$ 41,487,601</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2019 was \$41,487,601 and the bank balance was \$42,327,274. Of the bank balance, \$252,989 was covered by federal depository insurance and \$42,074,285 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Insured:		
FDIC	\$ 252,989	500,000
GUDPA	42,074,285	23,989,019

Custodial Credit Risk – Deposits

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

The District had no uninsured deposits.

As of December 31, 2019 the District did not hold any long-term investments.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Long-Term</u> <u>Portion</u>	<u>2019-20</u> <u>Payment</u>
Pension Liability	\$ 47,220,046		(9,109,515)	38,110,531	38,110,531	
Compensated Absences Payable	4,472,811	990,188		5,462,999	5,462,999	
Capital Leases Payable	2,677,000		(1,919,000)	758,000	388,000	370,000
Bonds Payable	<u>16,960,000</u>	<u>14,925,000</u>	<u>(3,975,000)</u>	<u>27,910,000</u>	<u>23,670,000</u>	<u>4,240,000</u>
	<u>\$ 71,329,857</u>	<u>15,915,188</u>	<u>(15,003,515)</u>	<u>72,241,530</u>	<u>67,631,530</u>	<u>4,610,000</u>

A. Bonds Payable

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

<u>School</u>	<u>Date of</u> <u>Issue</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>June 30, 2019</u>
Construction of 3 Schools	07-19-02	3.20% to 5.25%	\$ 6,640,000
ERIP (Refunded)	02-19-03	2.00% to 5.875%	920,000
2012A Refunding Bonds	05-22-12	2.00% to 5.00%	2,005,000
Pension Series 2005 Refunding	03-21-13	0.350% to 1.950%	3,420,000
ESIP 2018 Revenue Bonds			<u>14,925,000</u>
			<u>\$ 27,910,000</u>

Maturity Schedule

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,240,000	1,421,704	5,661,704
2021	4,750,000	946,973	5,696,973
2022	2,760,000	809,719	3,569,719
2023	2,475,000	690,441	3,165,441
2024	520,000	615,642	1,135,642
2025-2029	2,500,000	2,719,998	5,219,998
2030-2034	3,610,000	1,975,675	5,585,675
2035-2039	<u>7,055,000</u>	<u>800,000</u>	<u>7,855,000</u>
	<u>\$ 27,910,000</u>	<u>9,980,152</u>	<u>37,890,152</u>

NOTE 3: General Long-Term Debt (Continued)**B. Capital Leases**

2015 equipment lease @ 2.00% to 5.00% interest for 5 years maturing 10/1/20 with a balance of \$758,000 at June 30, 2019.

Future Minimum Lease Payments

2019-2020	\$ 398,650
2020-2021	<u>397,700</u>
	796,350
Less: Interest	<u>(38,350)</u>
Lease Payments	<u>\$ 758,000</u>

NOTE 4: Pension Plans

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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

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

NOTE 4: Pension Plans (Continued)

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.06% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

NOTE 4: Pension Plans (Continued)

During the year ended June 30, 2019, the State of New Jersey contributed \$13,367,586 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$3,559,827 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/19	\$ 1,641,395	100%	0
6/30/18	1,686,706	100%	0
6/30/17	2,002,823	100%	0

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/19	\$ 13,367,586	100%	0
6/30/18	11,500,137	100%	0
6/30/17	10,049,096	100%	0

Public Employees' Retirement System (PERS)**Plan Description**

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

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

The following represents the membership tiers for PERS:

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

NOTE 4: Pension Plans (Continued)

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

Basis of Presentation

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

Allocation Methodology and Reconciliation to Financial Statements

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

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

NOTE 4: Pension Plans (Continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amount by employer. The allocation percentages for each group of June 30, 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.

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 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, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

For the year ended June 30, 2019, the District recognized pension expense of \$1,641,395. At June 30, 2019, 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
Difference Between Expected and Actual Experience	\$ 726,774	196,510
Changes of Assumptions	6,279,984	12,185,721
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		357,478
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	546,784	3,074,553
District Contributions Subsequent to the Measurement Date	<u>1,641,395</u>	<u> </u>
Total	<u>\$ 9,194,937</u>	<u>15,814,262</u>

NOTE 4: Pension Plans (Continued)

\$1,641,395 reported as deferred outflows of resources related to pensions resulting from school district, project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending**June 30,**

2019	\$ 264,510
2020	(366,218)
2021	(2,626,079)
2022	(2,276,326)
2023	<u>(728,910)</u>
	<u>\$ (5,733,023)</u>

Additional Information

Collective balances at December 31, 2018 and 2017 are as follows:

	<u>Dec. 31, 2018</u>	<u>Dec. 31, 2017</u>
Collective Deferred Outflows of Resources	\$ 9,194,937	13,498,008
Collective Deferred Inflows of Resources	15,814,262	11,377,358
Collective Net Pension Liability	38,110,531	47,220,046
District's Proportion	.19356%	.20285%

Components of Net Pension Liability

The components of the collective net pension liability of the participating employers as of June 30, 2018 were as follows:

	<u>2018</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 30,434,600,657	42,431,573,511	72,866,174,168
Plan Fiduciary Net Position	<u>6,730,302,564</u>	<u>22,742,071,972</u>	<u>29,472,374,536</u>
Net Pension Liability	<u>\$ 23,704,298,093</u>	<u>19,689,501,539</u>	<u>43,393,799,632</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.11%	53.60%	40.45%

NOTE 4: Pension Plans (Continued)

The collective 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:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% – 5.15% Based on Age
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 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.

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 Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

NOTE 4: Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 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 contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

NOTE 4: Pension Plans (Continued)**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

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

	<u>2018</u>		
	<u>At 1% Decrease (4.66%)</u>	<u>At Current Discount Rate (5.66%)</u>	<u>At 1% Increase (6.66%)</u>
School District's Proportionate Share Of the Net Pension Liability	<u>\$ 47,919,602</u>	<u>38,110,531</u>	<u>29,881,348</u>

Teachers Pensions and Annuity Fund (TPAF)**Plan Description**

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

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

The following represents the membership tiers for TPAF:

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

NOTE 4: Pension Plans (Continued)

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

Basis of Presentation

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

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocation and applied to, presented in the schedule of pension amount by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation had modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, State's pension contribution was less than the actuarial determined amount.

NOTE 4: Pension Plans (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 nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

Components of Net Pension Liability

The components of the net pension liability of the State as of June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 86,797,467,286	90,726,371,000
Plan Fiduciary Net Position	<u>22,991,116,840</u>	<u>23,056,161,829</u>
Net Pension Liability	<u>\$ 63,806,350,446</u>	<u>67,670,209,171</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%

State Proportionate Share of Net Pension Liability Attributable to District

	<u>2018</u>	<u>2017</u>
District's Liability	<u>\$ 294,572,857</u>	<u>328,351,986</u>
District's Proportion	.46167%	.48522%

NOTE 4: Pension Plans (Continued)

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:	
2011-2026	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment Rate of Return	7.00%

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real 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 Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

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

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

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

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

	2018		
	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
School District's Proportionate Share Of the Net Pension Liability	\$ 0	0	0
State of New Jersey's Proportionate Share Of the Net Pension Liability	<u>348,179,523</u>	<u>294,572,857</u>	<u>250,134,237</u>
	<u>\$ 348,179,523</u>	<u>294,572,857</u>	<u>250,134,237</u>

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

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

NOTE 5: Post-Retirement Benefits (Continued)

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

In accordance with the provision 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.

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

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

Total OPEB Liability

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

NOTE 5: Post-Retirement Benefits (Continued)

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

Inflation rate	2.50%		
	<u>TPAF/ABP</u>	<u>TPAF</u>	<u>PERS</u>
Salary Increases:			
Through 2026	1.55 – 4.55%	2.15% - 4.15% based on age	2.10% - 8.98% based on age
Thereafter	2.00 – 5.45%	3.15% - 5.15% based on age	3.10% - 9.98% based on age

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.

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.

NOTE 5: Post-Retirement Benefits (Continued)

Changes in the State of New Jersey's proportionate share of the total Non-Employer OPEB Liability associated with the School District:

	Total OPEB Liability
Balances at June 30, 2017	\$ 279,890,338
Changes for the Year:	
Service Cost	9,141,378
Interest	10,234,402
Difference Between Expected and Actual Experience	(18,044,434)
Changes in Assumptions or Other Inputs	(28,294,258)
Benefit Payments	(6,592,988)
Member Contributions	<u>227,864</u>
Balance at June 30, 2018	<u>\$ 246,562,302</u>

There were no changes in benefit terms between the June 30, 2017 measurement date and the June 30, 2018 measurement date.

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

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

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 291,486,833</u>	<u>246,562,302</u>	<u>210,851,939</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 203,798,103</u>	<u>246,562,302</u>	<u>303,119,592</u>

NOTE 5: Post-Retirement Benefits (Continued)

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

For the year ended June 30, 2018, the Board of Education recognized OPEB expense of \$10,656,160 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Howell Township Board of Education 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 or resources. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$	23,934,378
Changes in Proportion	6,935,524	570,301
Changes of Assumptions or Other Inputs	<u> </u>	<u>55,268,200</u>
Total	<u>\$ 6,935,524</u>	<u>79,772,879</u>

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

Year Ended June 30:	
2020	\$ (8,569,101)
2021	(8,569,101)
2022	(8,569,101)
2023	(8,569,101)
2024	(8,569,101)
Thereafter	<u>(29,991,850)</u>
	<u>\$ (72,837,355)</u>

NOTE 6: Compensated Absences

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

NOTE 6: Compensated Absences (Continued)

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

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

NOTE 7: Capital Reserve Account

A capital reserve account was established by the Township of Howell Board of Education by inclusion of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance July 1, 2018	\$ 7,292,848
Increase Per Board of Education	500,000
Decreased Per Budget Appropriation 2018-2019	<u>(1,086,000)</u>
Ending Balance June 30, 2019	<u>\$ 6,706,848</u>

\$1,126,844 has been designated for use in the 2019-20 budget.

NOTE 8: Inventory

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food	\$ 46,096
Supplies	<u>12,253</u>
	<u>\$ 58,349</u>

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

NOTE 9: Fund Balance Appropriated

General Fund – Of the \$30,464,475 General Fund fund balance at June 30, 2019, \$7,584,313 is reserved for encumbrances; \$5,580,004 is Capital Reserve; \$1,126,844 is capital reserve designated for subsequent years expenditures; \$3,000,000 is excess surplus designated for subsequent year's expenditures; \$3,000,000 is excess surplus – current year; \$4,799,281 is Maintenance Reserve designated for subsequent year's expenditures; \$3,125,930 is maintenance reserve; \$2,248,103 is unreserved and undesignated.

NOTE 10: Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, 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 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. There was no excess fund balance at June 30, 2019.

NOTE 11: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 12: Tuition Adjustments

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2019 financial statements.

NOTE 13: Economic Dependency

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

NOTE 14: Risk Management

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

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

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2018-2019	\$	103,486	86,880	198,710
2017-2018	101,865	67,229	97,021	182,104
2016-2017		56,192	121,728	110,031

NOTE 15: Refunding Bonds

Refunding bonds were issued dated 12/29/11 for \$2,355,000 to refund a portion of its 2003 refunding bonds and refunding bonds were issued dated 5/22/12 to refund a portion of its 2002 refunding bonds in the amount of \$8,825,000, both issues sold to the Monmouth County Improvement Authority.

Refunding bonds were issued dated 3/21/13 for \$9,110,000 to refund a portion of its 2005 Pension Series of 3/8/05.

Refunding bonds were issued 9/17/10 for \$16,250,000 to refund a portion of its 2002A Bonds.

NOTE 16: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 17: Equity Balance

At June 30, 2019 the General Fund equity balance was as follows:

Capital Reserve – Designated for Subsequent Years Expenditures	\$ 1,126,844
Committed Fund Balance:	
Maintenance Reserve	4,799,281
Maintenance Reserve – Designated for Subsequent Year’s Expenditures	3,125,930
Capital Reserve	5,580,004
Excess Surplus – Designated for Subsequent Years Expenditures	3,000,000
Excess Surplus – Current Year	3,000,000
Assigned Fund Balances:	
Year-End Encumbrances	7,584,313
Unassigned Fund Balance	<u>2,248,103</u>
	<u>\$ 30,464,475</u>
<u>2% Calculation of Excess Surplus</u>	
2018-19 Total General Fund Expenditures Per the CAFR	\$ 121,165,942
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(16,927,413)</u>
Adjusted 2018-19 General Fund Expenditures	<u>\$ 104,238,529</u>
2% of Adjusted 2018-19 General Fund Expenditures	<u>\$ 2,084,771</u>
Enter Greater of Above or \$250,000	\$ 2,084,771
Increased by Allowable Adjustment	<u>163,332</u>
Maximum Unassigned Fund Balance	<u>\$ 2,248,103</u>
<u>Section 2</u>	
Total General Fund – Fund Balance @ 6-30-19	\$ 30,464,475
Decreased by:	
Reserved by Encumbrances	(7,584,313)
Designated for Subsequent Year’s Expenditures – Excess Surplus	(3,000,000)
Designated for Subsequent Year’s Expenditures – Capital Reserve	(1,126,844)
Designated for Subsequent Year’s Expenditures – Maintenance Reserve	(3,125,930)
Other Reserves	<u>(10,379,285)</u>
Total Unassigned Fund Balance	<u>\$ 5,248,103</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 3,000,000</u>

NOTE 17: Equity Balance (Continued)**Section 3**

Reserved Fund Balance – Excess Surplus Designated for Subsequent Expenditures	\$ 3,000,000
Reserved Excess Surplus	<u>3,000,000</u>

\$ 6,000,000

Detail of Allowable Adjustments

Non Public Transportation	\$ 51,006
Extraordinary Aid	<u>112,326</u>

\$ 163,332

Detail of Other Reserved Fund Balances

Maintenance Reserve	\$ 4,799,281
Capital Reserve	<u>5,580,004</u>

\$ 10,379,285

NOTE 18: Interfund Receivables and Payables

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

There were interfunds as of June 30, 2019 as follows:

	<u>From</u>	<u>To</u>
General Fund	\$	1,017,617
Special Revenue Fund	<u>1,017,617</u>	<u> </u>
	<u>\$ 1,017,617</u>	<u>1,017,617</u>

These interfund loans are due to the Special Revenue Fund awaiting State and Federal reimbursements. Once received, the interfunds will be eliminated, which is expected to be within one year.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

HOWELL TOWNSHIP SCHOOL DISTRICT

**Exhibit C-1
Sheet 1 of 14**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 73,908,669		73,908,669	73,908,669	-
Tuition	991,353		991,353	734,731	(256,622)
Miscellaneous - Building Use	200,000		200,000	94,605	(105,395)
Miscellaneous	796,492	175,000	971,492	1,223,111	251,619
Total Local Sources	<u>75,896,514</u>	<u>175,000</u>	<u>76,071,514</u>	<u>75,961,116</u>	<u>(110,398)</u>
State Sources:					
Special Education Aid	3,740,074		3,740,074	3,740,074	-
Equalization Aid	27,465,312		27,465,312	27,465,312	-
Extraordinary Aid	600,000		600,000	712,326	112,326
Security Aid	517,479		517,479	517,479	-
Transportation Aid	1,817,734	(913,973)	903,761	903,761	-
Non Public Transportation			-	51,006	51,006
On Behalf of TPAF Pension Contribution (Non-Budgeted)			-	13,367,586	13,367,586
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	3,559,827	3,559,827
Total State Sources	<u>34,140,599</u>	<u>(913,973)</u>	<u>33,226,626</u>	<u>50,317,371</u>	<u>17,090,745</u>
Federal Sources					
Medicaid	62,216		62,216	92,962	30,746
Total Federal Sources	<u>62,216</u>	<u>-</u>	<u>62,216</u>	<u>92,962</u>	<u>30,746</u>
Total Revenues	<u>110,099,329</u>	<u>(738,973)</u>	<u>109,360,356</u>	<u>126,371,449</u>	<u>17,011,093</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

**Exhibit C-1
Sheet 2 of 14**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Distributed Expenditures:					
Current Expense:					
Instruction - Regular Programs:					
Preschool/Kindergarten	1,988,278	78,315	2,066,593	2,063,332	3,261
Grades 1-5	14,671,200	(196,663)	14,474,537	14,453,111	21,426
Grades 6-8	9,816,185	732,635	10,548,820	10,532,536	16,284
Regular Programs - Undistributed					
Instruction:					
Purchased Professional Services		594	594	527	67
Purchased Technical Services		122,215	122,215	115,507	6,708
Other Purchased Services	1,094,400		1,094,400	1,094,400	-
General Supplies	779,786	4,483	784,269	499,972	284,297
Textbooks	113,680	(1,469)	112,211	90,849	21,362
Other Objects	173,200	(5,112)	168,088	158,019	10,069
Total Regular Programs	<u>28,636,729</u>	<u>734,998</u>	<u>29,371,727</u>	<u>29,008,253</u>	<u>363,474</u>
Special Education:					
Cognitive - Mild:					
Instruction:					
Salaries of Teachers	206,475	3,780	210,255	210,254	1
Other Salaries for Instruction	45,520	19,313	64,833	64,833	-
General Supplies	2,250	3,035	5,285	5,285	-
Other Objects	1,000	(250)	750	234	516
Total Cognitive - Mild	<u>255,245</u>	<u>25,878</u>	<u>281,123</u>	<u>280,606</u>	<u>517</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Learning and/or Language Disabilities - Instruction:					
Salaries of Teachers	766,036	(48,894)	717,142	716,177	965
Other Salaries for Instruction	142,885	4,822	147,707	147,707	-
General Supplies	1,000	5,840	6,840	6,840	-
Other Objects	1,800	702	2,502	762	1,740
Total Learning/Language Disabilities	<u>911,721</u>	<u>(37,530)</u>	<u>874,191</u>	<u>871,486</u>	<u>2,705</u>
Behavioral Disabilities - Instruction:					
Salaries of Teachers	294,429		294,429	294,429	-
Other Salaries for Instruction	133,995	34,559	168,554	168,554	-
General Supplies	2,200	(1,094)	1,106	1,106	-
Other Objects	10,550		10,550	6,741	3,809
Total Behavioral Disabilities	<u>441,174</u>	<u>33,465</u>	<u>474,639</u>	<u>470,830</u>	<u>3,809</u>
Multiple Disabilities - Instruction:					
Salaries of Teachers	640,054	37,382	677,436	677,436	-
Other Salaries for Instruction	313,470	21,747	335,217	335,217	-
General Supplies	3,000	3,233	6,233	6,233	-
Other Objects	3,000	(930)	2,070	639	1,431
Total Multiple Disabilities	<u>959,524</u>	<u>61,432</u>	<u>1,020,956</u>	<u>1,019,525</u>	<u>1,431</u>
Resource Room/Resource Center - Instruction:					
Salaries of Teachers	6,124,017	133,042	6,257,059	6,257,058	1
Other Salaries for Instruction	1,110,091	99,108	1,209,199	1,208,421	778
Total Resource Room/Resource Center	<u>7,234,108</u>	<u>232,150</u>	<u>7,466,258</u>	<u>7,465,479</u>	<u>779</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism - Instruction:					
Salaries of Teachers	426,450	5,516	431,966	431,965	1
Other Salaries for Instruction	261,050	23,517	284,567	284,348	219
General Supplies	3,600	613	4,213	3,952	261
Other Objects	1,500	(150)	1,350	1,255	95
Total Autism	<u>692,600</u>	<u>29,496</u>	<u>722,096</u>	<u>721,520</u>	<u>576</u>
Preschool Disabilities - Part-Time - Instruction:					
Salaries of Teachers	55,950		55,950	55,950	-
Other Salaries for Instruction	192,670		192,670	192,670	-
Other Objects	1,000	(100)	900	858	42
Total Preschool Disabilities - Part-Time	<u>249,620</u>	<u>(100)</u>	<u>249,520</u>	<u>249,478</u>	<u>42</u>
Preschool Disabilities-Full Time-Instruction:					
Salaries of Teachers	751,577	116,894	868,471	868,471	-
Other Salaries for Instruction	370,102	135,898	506,000	506,000	-
General Supplies		3,684	3,684	3,684	-
Other Objects	1,000	3,137	4,137	4,137	-
Total Preschool Disabilities-Full time	<u>1,122,679</u>	<u>259,613</u>	<u>1,382,292</u>	<u>1,382,292</u>	<u>-</u>
Total Special Education - Instruction	<u>11,866,671</u>	<u>604,404</u>	<u>12,471,075</u>	<u>12,461,216</u>	<u>9,859</u>
Basic Skills/Remedial Instruction:					
Salaries of Teachers	1,869,277	60,105	1,929,382	1,929,381	1
Other Salaries for Instruction	84,882	5,214	90,096	90,096	-
Total Basic Skills/Remedial	<u>1,954,159</u>	<u>65,319</u>	<u>2,019,478</u>	<u>2,019,477</u>	<u>1</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

**Exhibit C-1
Sheet 5 of 14**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Bilingual Education - Instruction:					
Salaries of Teachers	441,384	6,588	447,972	447,970	2
General Supplies	4,000	(117)	3,883		3,883
Textbooks	4,000	(4,000)	-		-
Other Objects	2,000		2,000	1,978	22
Total Bilingual Education	<u>451,384</u>	<u>2,471</u>	<u>453,855</u>	<u>449,948</u>	<u>3,907</u>
School Sponsored Co-Curricular Activities - Instruction:					
Purchased Services (300-500 Series)	224,949	(23,764)	201,185	192,996	8,189
General Supplies	2,000	1,450	3,450	1,401	2,049
Total School Sponsored Co-Curricular Activities	<u>226,949</u>	<u>(22,314)</u>	<u>204,635</u>	<u>194,397</u>	<u>10,238</u>
School Sponsored Athletics-Instruction					
Purchased Services (300-500 Series)	280,000	3,880	283,880	283,880	-
Supplies and Materials	44,980	6,128	51,108	39,659	11,449
Total School Sponsored Athletics	<u>324,980</u>	<u>10,008</u>	<u>334,988</u>	<u>323,539</u>	<u>11,449</u>
Total Instruction	<u>43,460,872</u>	<u>1,394,886</u>	<u>44,855,758</u>	<u>44,456,830</u>	<u>398,928</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs W/I State - Special	183,558	(148,234)	35,324	35,203	121
Tuition to Private School for the Disabled W/I State	487,078	503,482	990,560	977,309	13,251
Total Instruction	<u>670,636</u>	<u>355,248</u>	<u>1,025,884</u>	<u>1,012,512</u>	<u>13,372</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Attendance and Social Work:					
Salaries	99,305		99,305	99,304	1
Total Attendance and Social Work	<u>99,305</u>	<u>-</u>	<u>99,305</u>	<u>99,304</u>	<u>1</u>
Health Services:					
Salaries	1,163,148	29,052	1,192,200	1,186,617	5,583
Purchase Prof/Tech. Services	20,000	3,105	23,105	23,105	-
Supplies and Materials	13,750	4,224	17,974	16,616	1,358
Other Objects	100	(28)	72	26	46
Total Health Services	<u>1,196,998</u>	<u>36,353</u>	<u>1,233,351</u>	<u>1,226,364</u>	<u>6,987</u>
Other Support Services - Students - Related Services:					
Salaries	2,100,494	(71,258)	2,029,236	2,013,771	15,465
Purchased Professional Educational Services	26,700	31,145	57,845	54,903	2,942
Supplies and Materials	11,000	2,702	13,702	11,719	1,983
Other Objects	360		360	48	312
Total Other Support Services - Students - Rel. Services	<u>2,138,554</u>	<u>(37,411)</u>	<u>2,101,143</u>	<u>2,080,441</u>	<u>20,702</u>
Other Support Services - Extraordinary Services:					
Salaries	882,629	58,425	941,054	935,528	5,526
Purchased Professional Educational Services	5,000	(1,000)	4,000	743	3,257
Other Objects		200	200		200
	<u>887,629</u>	<u>57,625</u>	<u>945,254</u>	<u>936,271</u>	<u>8,983</u>
Other Support Services Students - Regular:					
Salaries of Other Professional Staff	1,044,679		1,044,679	1,038,537	6,142
Supplies and Materials		1,905	1,905	1,895	10
Total Other Support Services Students-Regular	<u>1,044,679</u>	<u>1,905</u>	<u>1,046,584</u>	<u>1,040,432</u>	<u>6,152</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Services - Special:					
Salaries of Other Professional Staff	2,907,120	172,239	3,079,359	3,075,562	3,797
Salaries - Secretarial and Clerical	373,920	(77,391)	296,529	296,529	-
Other Purchased Services (400-500 Series)	2,500	1,027	3,527	3,273	254
Supplies and Materials	12,000	1,124	13,124	11,506	1,618
Other Objects	5,825		5,825	5,825	-
Total Other Support Services - Special	<u>3,301,365</u>	<u>96,999</u>	<u>3,398,364</u>	<u>3,392,695</u>	<u>5,669</u>
Improvement of Instruction:					
Salaries - Supervisors	569,598	530	570,128	568,684	1,444
Salaries - Secretarial and Clerical	150,717		150,717	150,717	-
Salaries - Master Teachers	455,902		455,902	454,877	1,025
Total Improvement of Instruction	<u>1,176,217</u>	<u>530</u>	<u>1,176,747</u>	<u>1,174,278</u>	<u>2,469</u>
Educational Media Services/School Library:					
Salaries	1,059,015	(13,234)	1,045,781	1,021,007	24,774
Salaries of Technology Coordinators	408,834		408,834	396,662	12,172
Supplies and Materials	50,633	11,690	62,323	33,530	28,793
Total Educational Media Services/School Library	<u>1,518,482</u>	<u>(1,544)</u>	<u>1,516,938</u>	<u>1,451,199</u>	<u>65,739</u>
Instructional Staff Training Services:					
Other Salaries	80,100		80,100	72,726	7,374
Other Purchased Services		4,061	4,061	3,629	432
Other Objects	125,400	(31,785)	93,615	36,434	57,181
Total Instructional Staff Training Services	<u>205,500</u>	<u>(27,724)</u>	<u>177,776</u>	<u>112,789</u>	<u>64,987</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

**Exhibit C-1
Sheet 8 of 14**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - General Administration:					
Salaries	650,041	15,396	665,437	665,280	157
Legal Services	160,000	1,163	161,163	156,583	4,580
Audit Fees	21,630	(630)	21,000	21,000	-
Purchased Professional Services	2,750	(2,000)	750		750
Purchased Technical Services	19,000	(18,262)	738		738
Communications - Telephone	480,000	(7,200)	472,800	471,189	1,611
Other Purchased Services	1,500	(1,484)	16		16
General Supplies	35,800	23,797	59,597	58,558	1,039
Other Objects	270	273	543	510	33
BOE Membership Dues And Fees	27,350	4,165	31,515	30,828	687
Total Support Services - General Administration	<u>1,398,341</u>	<u>15,218</u>	<u>1,413,559</u>	<u>1,403,948</u>	<u>9,611</u>
Support Services - School Administration:					
Salaries:					
Principals/Assistant Principals	3,469,432	48,261	3,517,693	3,517,629	64
Secretarial and Clerical	1,217,357	4,121	1,221,478	1,179,847	41,631
Other Purchased Services	13,650	(3,100)	10,550	6,644	3,906
Supplies & Materials	5,600	727	6,327	5,133	1,194
Other Objects		350	350	350	-
Total Support Services - School Administration	<u>4,706,039</u>	<u>50,359</u>	<u>4,756,398</u>	<u>4,709,603</u>	<u>46,795</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 14

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Central Services:					
Salaries	947,771	(12,000)	935,771	935,057	714
Purchased Technical Services	47,163	8,781	55,944	48,590	7,354
Miscellaneous Purchased Services	85,875	461	86,336	86,186	150
Supplies and Materials	22,000	8,907	30,907	30,159	748
Sale and Lease Back Payments	35,880	(35,840)	40		40
Total Central Services	<u>1,138,689</u>	<u>(29,691)</u>	<u>1,108,998</u>	<u>1,099,992</u>	<u>9,006</u>
Administrative Information Technology:					
Salaries	293,875	(4,769)	289,106	280,861	8,245
Purchased Technical Services	529,154	13,605	542,759	267,266	275,493
Supplies and Materials	114,000	938	114,938	37,118	77,820
Total Administrative Information Technology	<u>937,029</u>	<u>9,774</u>	<u>946,803</u>	<u>585,245</u>	<u>361,558</u>
Required Maintenance for School Facilities:					
Salaries	999,882		999,882	786,879	213,003
Cleaning Repairs & Maintenance Services	3,091,920	1,007,494	4,099,414	1,960,319	2,139,095
General Supplies	141,500	55,933	197,433	136,707	60,726
Total Required Maintenance for School Facilities	<u>4,233,302</u>	<u>1,063,427</u>	<u>5,296,729</u>	<u>2,883,905</u>	<u>2,412,824</u>
Other Operating & Maintenance of Plant:					
Salaries	3,550,671		3,550,671	3,269,158	281,513
Purchased Professional & Technical Services		23,376	23,376	23,376	
Cleaning Repairs & Maintenance	19,800	31,434	51,234	42,788	8,446
Other Purchased Property Services	384,022	24,000	408,022	350,133	57,889
Insurance	363,589	(5,000)	358,589	331,949	26,640
Purchased Services	3,000	25,514	28,514	24,717	3,797
General Supplies	95,000	271,641	366,641	302,046	64,595
Heat & Electricity		33,487	33,487	30,798	2,689
Energy - Natural Gas	928,277	(23,394)	904,883	621,488	283,395
Energy - Electricity	1,602,124	(56,863)	1,545,261	937,056	608,205
Total Other Operating & Maintenance of Plant	<u>6,946,483</u>	<u>324,195</u>	<u>7,270,678</u>	<u>5,933,509</u>	<u>1,337,169</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

**Exhibit C-1
Sheet 10 of 14**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Care and Upkeep of Grounds:					
Salaries	407,469		407,469	389,312	18,157
Cleaning, Repair and Maintenance	37,000	85,982	122,982	117,436	5,546
General Supplies	87,200	(4,742)	82,458	55,449	27,009
Other Objects		6,865	6,865		6,865
Total Care and Upkeep of Grounds	<u>531,669</u>	<u>88,105</u>	<u>619,774</u>	<u>562,197</u>	<u>57,577</u>
Security					
Salaries-Director	76,500		76,500	73,440	3,060
Cleaning, Repair and Maintenance	667,030		667,030	364,367	302,663
Supplies	130,000	2,716	132,716	12,157	120,559
Total Security	<u>873,530</u>	<u>2,716</u>	<u>876,246</u>	<u>449,964</u>	<u>426,282</u>
Student Transportation Services:					
Salaries-Aides	533,236		533,236	528,435	4,801
Salaries - Pupil Trans. B/W Home & School - Regular	1,975,492	(5,955)	1,969,537	1,949,396	20,141
Other Purchased Professional & Technical Services		2,000	2,000	337	1,663
Cleaning Repairs and Maintenance	70,700	(5,794)	64,906	37,463	27,443
Rental Payments School Buses		21,215	21,215	21,215	-
Lease Purchase Payments-School Buses	482,360	199	482,559	482,559	-
Contracted Services B/W Home & School - Vendors	2,514,959	(98,679)	2,416,280	2,337,630	78,650
Contracted Services - Special Education - Vendors	1,532,130	(88,002)	1,444,128	1,438,878	5,250
Contracted Services - Joint Agreements	2,030		2,030		2,030
Contracted Services - Special Ed. - ESCs & CTAs	862,823	256,241	1,119,064	1,016,902	102,162
Miscellaneous Purchased Services	411,950	(69,775)	342,175	304,792	37,383
General Supplies	22,800	1,410	24,210	18,456	5,754
Transportation Supplies	307,750	24,918	332,668	259,671	72,997
Other Objects	431,300	(225,000)	206,300	164,596	41,704
Total Student Transportation Services	<u>9,147,530</u>	<u>(187,222)</u>	<u>8,960,308</u>	<u>8,560,330</u>	<u>399,978</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 14

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unused Vacation Payments to Terminated/Retired Staff:					
Total Regular Programs-Instruction	39,500	30,405	69,905	69,905	-
Total Special Programs-Instruction	11,000	17,080	28,080	28,080	-
Total Health Services	27,170	(27,170)	-	-	-
Total Other Supp Serv-Students-Related Services	17,615	(14,950)	2,665	2,665	-
Total Other Supp Serv-Students-Special	13,000	7,475	20,475	20,475	-
Total Support Services -School Administration	16,500	206,642	223,142	102,142	121,000
Total Operation And Maintenance of Plant Service	32,250	(23,961)	8,289	8,289	-
Total Unused Vac. Payments to Terminated/Retired Staff	157,035	195,521	352,556	231,556	121,000
Student Transportation Services - Employee Benefits:					
Social Security	117,850	(12,000)	105,850		105,850
Workmen's Compensation	540,600		540,600	482,368	58,232
Health Benefits	53,650		53,650		53,650
Total Student Transportation - Employee Benefits	712,100	(12,000)	700,100	482,368	217,732
Personal Services - Employee Benefits:					
Social Security	1,688,460	528,069	2,216,529	1,717,105	499,424
TPAF Contributions - ERIP	85,000		85,000		85,000
Other Retirement Contributions - PERS	2,130,234	(481,145)	1,649,089	1,641,395	7,694
Other Contributions ERIP	158,000	(150,159)	7,841		7,841
Unemployment Compensation	35,000	(35,000)	-		-
Workmen's Compensation	251,114		251,114	251,115	(1)
Health Benefits	23,164,154	1,329,524	24,493,678	15,112,439	9,381,239
Tuition Reimbursements	100,000	11,380	111,380	58,922	52,458
Unused Sick Payment to Terminated/Retired Staff		2,000	2,000	1,857	143
Total Personal Services - Employee Benefits	27,611,962	1,204,669	28,816,631	18,782,833	10,033,798
On-Behalf TPAF Pension Contributions (Non-Budgeted)			-	13,367,586	(13,367,586)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	3,559,827	(3,559,827)
	-	-	-	16,927,413	(16,927,413)

HOWELL TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Special Schools:					
Summer School Instruction					
Teachers Salaries	121,584	247,635	369,219	112,514	256,705
Other Salaries for Instruction	81,276	100,362	181,638	81,638	100,000
Total Summer School Instruction	<u>202,860</u>	<u>347,997</u>	<u>550,857</u>	<u>194,152</u>	<u>356,705</u>
Summer School- Support Services					
Other Salaries for Instruction	62,118	152,003	214,121	62,646	151,475
Total Special Schools	<u>264,978</u>	<u>500,000</u>	<u>764,978</u>	<u>256,798</u>	<u>508,180</u>
Total Undistributed Expenditures	<u>70,898,052</u>	<u>3,707,052</u>	<u>74,605,104</u>	<u>75,395,946</u>	<u>(790,842)</u>
Total Expenditures - Current Expense	<u>114,358,924</u>	<u>5,101,938</u>	<u>119,460,862</u>	<u>119,852,776</u>	<u>(391,914)</u>
Capital Outlay:					
Equipment:					
Special Ed Student Equipment		3,341	3,341	3,341	-
MCIA Lease Items		10,072	10,072		10,072
School Buses	948,519	984,314	1,932,833	984,314	948,519
Undistributed Expenditures - Information Technology	694,000	8,945	702,945	17,272	685,673
Undistributed Expenditures - Required Maintenance			-		-
Total Equipment	<u>1,642,519</u>	<u>1,006,672</u>	<u>2,649,191</u>	<u>1,004,927</u>	<u>1,644,264</u>
Facilities Acquisition:					
Operation		71,952	71,952	11,990	59,962
Capital Projects	1,086,000		1,086,000	158,768	927,232
Debt Service on SDA Funding	137,481		137,481	137,481	-
Total Facilities Acquisition	<u>1,223,481</u>	<u>71,952</u>	<u>1,295,433</u>	<u>308,239</u>	<u>987,194</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Capital Outlay	<u>2,866,000</u>	<u>1,078,624</u>	<u>3,944,624</u>	<u>1,313,166</u>	<u>2,631,458</u>
Total Expenditures	<u>117,224,924</u>	<u>6,180,562</u>	<u>123,405,486</u>	<u>121,165,942</u>	<u>2,239,544</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(7,125,595)</u>	<u>(6,919,535)</u>	<u>(14,045,130)</u>	<u>5,205,507</u>	<u>19,250,637</u>
Other Financing Sources (Uses)					
Transfer to Cover Deficit Food Service					
Transfer from Fund 20				<u>391,913</u>	<u>391,913</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,913</u>	<u>391,913</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>(7,125,595)</u>	<u>(6,919,535)</u>	<u>(14,045,130)</u>	<u>5,597,420</u>	<u>19,642,550</u>
Fund Balance July 1	<u>24,867,055</u>		<u>24,867,055</u>	<u>24,867,055</u>	<u>-</u>
Fund Balance June 30	<u>\$ 17,741,460</u>	<u>(6,919,535)</u>	<u>10,821,925</u>	<u>30,464,475</u>	<u>19,642,550</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Committed Fund Balances:					
Maintenance Reserve - Designated for Subsequent Year's Expenditures				\$ 3,125,930	
Maintenance Reserve				4,799,281	
Capital Reserve				5,580,004	
Capital Reserve - Designated for Subsequent Year's Expenditures				1,126,844	
Excess Surplus - Designated For Subsequent Year's Expenditures				3,000,000	
Excess Surplus - Current Year				3,000,000	
Designated for Subsequent Year's Expenditures by the BOE					
Assigned Fund Balances:					
Year End Encumbrances				7,584,313	
Unassigned Fund Balance				<u>2,248,103</u>	
				30,464,475	
Reconciliation To Government Fund Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(3,238,815)</u>	
Fund Balance per Government Funds (GAAP)				<u>\$ 27,225,660</u>	

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ 108,458		108,458	108,458	
Local Sources	14,038		14,038	14,038	
Federal Sources	2,077,665		2,077,665	2,077,665	
Total Revenues	<u>\$ 2,200,161</u>	<u>-</u>	<u>2,200,161</u>	<u>2,200,161</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 186,454		186,454	186,454	
Other Salaries For Instruction	194,751		194,751	194,751	
General Supplies	55,449		55,449	55,449	
Textbooks	8,115		8,115	8,115	
Tuition	1,178,065		1,178,065	1,178,065	
Total Instruction	<u>1,622,834</u>	<u>-</u>	<u>1,622,834</u>	<u>1,622,834</u>	<u>-</u>
Support Services:					
Other Salaries for Instruction	96,881		96,881	96,881	
Personal Services - Employee Benefits	79,735		79,735	79,735	
Purchased Professional Services	304,442		304,442	304,442	
Other Purchased Services (400-500 Series)	30,434		30,434	30,434	
Supplies and Materials	65,435		65,435	65,435	
Other Objects	400		400	400	
Total Support Services	<u>577,327</u>	<u>-</u>	<u>577,327</u>	<u>577,327</u>	<u>-</u>
Total Expenditures	<u>\$ 2,200,161</u>	<u>-</u>	<u>2,200,161</u>	<u>2,200,161</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HOWELL TOWNSHIP SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET TO GAAP RECONCILIATIONNOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 126,371,449	2,200,161
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		17,715
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	3,280,469	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(3,238,815)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 126,413,103</u>	<u>2,217,876</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 121,165,942	2,200,161
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.		<u>17,715</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 121,165,942</u>	<u>2,217,876</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

HOWELL TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - PERS

Exhibit L-1

LAST SIX FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 38,110,531	47,220,046	60,736,266	48,161,168	38,400,197	39,981,991
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 38,110,531</u>	<u>47,220,046</u>	<u>60,736,266</u>	<u>48,161,168</u>	<u>38,400,197</u>	<u>39,981,991</u>
District's Covered-Employee Payroll	\$ 13,392,221	13,548,709	13,678,132	13,909,508	14,261,524	13,934,712
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	35.14%	28.69%	22.52%	28.88%	37.14%	34.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%

HOWELL TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST SIX FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 1,686,706	2,002,823	2,002,823	1,735,224	1,994,422	1,668,245
Contributions in Relation to the Contractually Required Contribution	<u>1,686,706</u>	<u>2,002,823</u>	<u>2,002,823</u>	<u>1,735,224</u>	<u>1,994,422</u>	<u>1,668,245</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 13,392,221	13,548,709	13,678,132	13,909,508	14,261,524	13,934,712
Contributions as a Percentage of Covered-Employee Payroll	12.59%	14.78%	14.64%	12.48%	13.98%	11.97%

HOWELL TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

Exhibit L-3

LAST SIX FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>294,572,857</u>	<u>328,351,986</u>	<u>385,147,480</u>	<u>288,589,094</u>	<u>248,106,214</u>	<u>241,649,258</u>
Total	<u>\$ 294,572,857</u>	<u>328,351,986</u>	<u>385,147,480</u>	<u>288,589,094</u>	<u>248,106,214</u>	<u>241,649,258</u>
District's Covered-Employee Payroll	\$ 49,467,726	48,015,839	48,097,967	49,701,344	48,783,061	45,163,529
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	16.79%	14.62%	12.49%	17.22%	19.66%	18.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

HOWELL TOWNSHIP SCHOOL DISTRICTSCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOSLAST THREE FISCAL YEARS

Exhibit M-1

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>State's OPEB Liability Attributable to the District</u>			
Service Cost	\$ 9,141,378	11,025,387	*
Interest	10,234,402	8,849,433	*
Benefit Payments	(6,592,988)	(6,482,854)	*
Member Contributions	227,864	238,715	*
Difference between Expected and Actual Experience	(18,044,434)		*
Change of Assumptions	(28,294,258)	(36,321,511)	*
Net Change in Total OPEB Liability	<u>(33,328,036)</u>	<u>(22,690,830)</u>	*
Total Attributable OPEB Liability - Beginning	<u>279,890,338</u>	<u>302,581,168</u>	*
Total Attributable OPEB Liability - Ending	<u>\$ 246,562,302</u>	<u>279,890,338</u>	<u>302,581,168</u>
District's Covered Payroll	\$ 62,859,947	61,564,548	61,776,099
District's Contribution	None	None	None
State's Proportionate Share of OPEB Liability as a Percentage of the District's Covered-Employee Payroll	392.24%	454.63%	489.80%

* - Information not available

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

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

HOWELL TOWNSHIP SCHOOL DISTRICTNOTES TO REQUIRED SUPPLEMENTARY INFORMATIONFOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit M-2

Change of Benefit Terms

None

Changes of Assumptions

The Discount Rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

HOWELL TOWNSHIP SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Non-Public								
	Chapter 192				Chapter 193				
	Textbooks	Nursing	Technology	Compensatory Education	ESL	Supplemental Instruction	Examination & Classification Initial	Annual	Corrective Speech
Revenues:									
Federal Sources	\$ -								
State Sources	8,115	15,046	5,597	22,843	3,500	8,378	8,912	3,042	10,225
Local Sources									
Total Revenues	\$ 8,115	15,046	5,597	22,843	3,500	8,378	8,912	3,042	10,225
Expenditures:									
Instruction:									
Salaries of Teachers	\$ -								
Other Salaries For Instruction									
General Supplies									
Textbooks	8,115								
Tuition									
Total Instruction	8,115	-	-	-	-	-	-	-	-
Support Services:									
Other Salaries									
Purchased Professional Services		15,046	5,597	22,843	3,500	8,378	8,912	3,042	10,225
Other Purchased Services									
Supplies and Materials									
Other Objects									
Personal Services - Employee Benefits									
Total Support Services	-	15,046	5,597	22,843	3,500	8,378	8,912	3,042	10,225
Total Expenditures	\$ 8,115	15,046	5,597	22,843	3,500	8,378	8,912	3,042	10,225

HOWELL TOWNSHIP SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>I.D.E.A. Part B Regular</u>	<u>I.D.E.A. Preschool</u>	<u>Non-Public Security</u>	<u>Safety Grant</u>	<u>Totals</u>
Revenues:								
Federal Sources	381,356	138,355	30,920	1,450,370	76,664			2,077,665
State Sources						22,800		108,458
Local Sources							14,038	14,038
Total Revenues	<u>381,356</u>	<u>138,355</u>	<u>30,920</u>	<u>1,450,370</u>	<u>76,664</u>	<u>22,800</u>	<u>14,038</u>	<u>2,200,161</u>
Expenditures:								
Instruction:								
Salaries of Teachers	96,954	52,800		2,400	34,300			186,454
Other Salaries for Instruction	164,709		30,042					194,751
General Supplies	12,802		878	34,126	7,643			55,449
Textbooks								8,115
Tuition				1,178,065				1,178,065
Total Instruction	<u>274,465</u>	<u>52,800</u>	<u>30,920</u>	<u>1,214,591</u>	<u>41,943</u>	<u>-</u>	<u>-</u>	<u>1,622,834</u>
Support Services:								
Other Salaries for Instruction	54,505			32,076	10,300			96,881
Purchased Professional Services		33,964		187,935	5,000			304,442
Other Purchased Services	9,933	9,451		3,050	8,000			30,434
Supplies and Materials	1,024	15,772		11,801		22,800	14,038	65,435
Other Objects				400				400
Personal Services - Employee Benefits	41,429	26,368		517	11,421			79,735
Total Support Services	<u>106,891</u>	<u>85,555</u>	<u>-</u>	<u>235,779</u>	<u>34,721</u>	<u>22,800</u>	<u>14,038</u>	<u>577,327</u>
Total Expenditures	<u>381,356</u>	<u>138,355</u>	<u>30,920</u>	<u>1,450,370</u>	<u>76,664</u>	<u>22,800</u>	<u>14,038</u>	<u>2,200,161</u>

CAPITAL PROJECTS FUND – F

HOWELL TOWNSHIP SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE FISCAL YEAR ENDED JUNE 30, 2019Revenues and Other Financing Sources

Sale of Revenue Bonds	\$ 14,925,000
Premium on Sale of Revenue Bonds	1,588,375
	<u>16,513,375</u>

Expenditures and Other Financing Uses

Expenditures	3,694,848
Excess Revenue Over Expenditures	12,818,527
Fund Balance - Beginning	<u>3,009,030</u>
Fund Balance - Ending	<u><u>\$ 15,827,557</u></u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISARDENA SCHOOL ROOFFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ 230,000		230,000	230,000
Local Share-Budget	345,000		345,000	345,000
Total Revenues	<u>575,000</u>	<u>-</u>	<u>575,000</u>	<u>575,000</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	465,083		465,083	575,000
Total Expenditures	<u>465,083</u>	<u>-</u>	<u>465,083</u>	<u>575,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 109,917</u>	<u>-</u>	<u>109,917</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number's		2290-010-14-1004		
Grant Date		6/9/14		
Original Authorized Cost		\$ 575,000		
Percentage Increase Over Original Authorized Cost		0		
Percentage Completion		70%		
Original Target Completion Date		12/31/2014		
Revised Target Completion Date		12/31/2016		

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit F-1b

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISRAMTOWN SCHOOL MASONRYFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ 69,000		69,000	69,000
Local Budget	103,500		103,500	103,500
Total Revenues	<u>172,500</u>	<u>-</u>	<u>172,500</u>	<u>172,500</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	139,054		139,054	172,500
Total Expenditures	<u>139,054</u>	<u>-</u>	<u>139,054</u>	<u>172,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 33,446</u>	<u>-</u>	<u>33,446</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number's		2290-035-14-1011		
Grant Date		6/9/14		
Original Authorized Cost		\$ 172,500		
Percentage Increase Over Original Authorized Cost		0		
Percentage Completion		90%		
Original Target Completion Date		12/31/2014		
Revised Target Completion Date		12/31/2016		

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit F-1c

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISTAUNTON SCHOOL ROOFFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ 502,780		502,780	502,780
Local Budget	754,170		754,170	754,170
Total Revenues	<u>1,256,950</u>	<u>-</u>	<u>1,256,950</u>	<u>1,256,950</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	1,049,826		1,049,826	1,256,950
Total Expenditures	<u>1,049,826</u>	<u>-</u>	<u>1,049,826</u>	<u>1,256,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 207,124</u>	<u>-</u>	<u>207,124</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number's		2290-060-14-1015		
Grant Date		9/9/14		
Original Authorized Cost		\$1,256,950		
Percentage Increase Over Original Authorized Cost		0		
Percentage Completion		85%		
Original Target Completion Date		12/31/2014		
Revised Target Completion Date		12/31/2016		

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit F-1d

CAPITAL PROJECTS FUND**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****ALDRICH SCHOOL MASONRY****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ 73,600		73,600	73,600
Local Budget	110,400		110,400	110,400
Total Revenues	<u>184,000</u>	<u>-</u>	<u>184,000</u>	<u>184,000</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	166,433		166,433	184,000
Total Expenditures	<u>166,433</u>	<u>-</u>	<u>166,433</u>	<u>184,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 17,567</u>	<u>-</u>	<u>17,567</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number's		2290-005-14-1002		
Grant Date		6/9/14		
Original Authorized Cost		\$ 184,000		
Percentage Increase Over Original Authorized Cost		0		
Percentage Completion		95%		
Original Target Completion Date		12/31/2014		
Revised Target Completion Date		12/31/2016		

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit F-1e

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,

AND PROJECT STATUS - BUDGETARY BASIS

NEWBURY SCHOOL MASONRY

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ 78,000		78,000	78,000
Local Budget	117,000		117,000	117,000
Total Revenues	<u>195,000</u>	<u>-</u>	<u>195,000</u>	<u>195,000</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	1,688		1,688	195,000
Total Expenditures	<u>1,688</u>	<u>-</u>	<u>1,688</u>	<u>195,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 193,312</u>	<u>-</u>	<u>193,312</u>	<u>-</u>

Additional Project Information

Project Number's	2290-032-14-1010
Grant Date	6/9/14
Original Authorized Cost	\$ 195,000
Percentage Increase Over Original Authorized Cost	0
Percentage Completion	5%
Original Target Completion Date	12/31/2014
Revised Target Completion Date	12/31/2016

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit F-1f

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISRAMTOWN SCHOOL ROOFFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ 308,200		308,200	308,200
Local Budget	462,300		462,300	462,300
Total Revenues	<u>770,500</u>	<u>-</u>	<u>770,500</u>	<u>770,500</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	634,724		634,724	770,500
Total Expenditures	<u>634,724</u>	<u>-</u>	<u>634,724</u>	<u>770,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 135,776</u>	<u>-</u>	<u>135,776</u>	<u>-</u>

Additional Project Information

Project Number's	2290-035-14-1012
Grant Date	6/9/14
Original Authorized Cost	\$ 770,500
Percentage Increase Over Original Authorized Cost	0
Percentage Completion	95%
Original Target Completion Date	12/31/2014
Revised Target Completion Date	12/31/2016

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit F-1g

CAPITAL PROJECTS FUND**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****NEWBURY WALL RESTORATION****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ 165,600		165,600	165,600
Local Budget	248,400		248,400	248,400
Total Revenues	<u>414,000</u>	<u>-</u>	<u>414,000</u>	<u>414,000</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services			-	414,000
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>414,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 414,000</u>	<u>-</u>	<u>414,000</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number's		2290-032-14-1022		
Grant Date		6/9/14		
Original Authorized Cost		\$ 413,400		
Percentage Increase Over Original Authorized Cost		0		
Percentage Completion		0%		
Original Target Completion Date		12/31/2014		
Revised Target Completion Date		12/31/2016		

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit F-1h

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISARDENA BLOCK POINTINGFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ 98,900		98,900	98,900
Local Budget	148,350		148,350	148,350
Total Revenues	<u>247,250</u>	<u>-</u>	<u>247,250</u>	<u>247,250</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services			-	247,250
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 247,250</u>	<u>-</u>	<u>247,250</u>	<u>-</u>

Additional Project Information

Project Number's	2290-010-14-1003
Grant Date	6/30/16
Original Authorized Cost	\$ 247,250
Percentage Increase Over Original Authorized Cost	0
Percentage Completion	0%
Original Target Completion Date	12/31/2017
Revised Target Completion Date	12/31/2017

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit F-1i

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISMIDDLE SCHOOL NORTH ROOFFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ 828,000		828,000	828,000
Local Budget	1,242,000		1,242,000	1,242,000
Total Revenues	<u>2,070,000</u>	<u>-</u>	<u>2,070,000</u>	<u>2,070,000</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	460,300		460,300	2,070,000
Total Expenditures	<u>460,300</u>	<u>-</u>	<u>460,300</u>	<u>2,070,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,609,700</u>	<u>-</u>	<u>1,609,700</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number's		2290-025-14-1007		
Grant Date		6/30/16		
Original Authorized Cost		\$2,070,000		
Percentage Increase Over Original Authorized Cost		0		
Percentage Completion		20%		
Original Target Completion Date		12/31/2017		
Revised Target Completion Date		12/31/2017		

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit F-1j

CAPITAL PROJECTS FUND**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****ENERGY SAVINGS IMPROVEMENT PROGRAM****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Sale of Revenue Bonds	\$ -	16,513,375	16,513,375	16,513,375
Total Revenues	-	16,513,375	16,513,375	16,513,375
<u>Expenditures and Other Financing Uses</u>				
Construction Services		3,694,848	3,694,848	16,513,375
Total Expenditures	-	3,694,848	3,694,848	16,513,375
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	12,818,527	12,818,527	-
<u>Additional Project Information</u>				
Original Authorized Cost		\$ 16,513,375		
Percentage Increase Over Original Authorized Cost			0	
Percentage Completion			20%	
Original Target Completion Date			12/31/2019	
Revised Target Completion Date			12/31/2020	

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

HOWELL TOWNSHIP SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

Exhibit H-1

JUNE 30, 2019

	<u>Unemployment</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total</u>
Assets:				
Cash and Cash Equivalents	<u>\$ 198,710</u>	<u>559,228</u>	<u>161,120</u>	<u>919,058</u>
Total Assets	<u><u>\$ 198,710</u></u>	<u><u>559,228</u></u>	<u><u>161,120</u></u>	<u><u>919,058</u></u>
Liabilities:				
Payroll Deductions and Withholdings	<u>\$ -</u>		<u>161,120</u>	<u>161,120</u>
Due to Student Groups		<u>559,228</u>		<u>559,228</u>
Total Liabilities	<u><u>\$ -</u></u>	<u><u>559,228</u></u>	<u><u>161,120</u></u>	<u><u>720,348</u></u>
Net Position:				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 198,710</u>			<u>198,710</u>
Total Net Position	<u><u>\$ 198,710</u></u>			<u><u>198,710</u></u>

HOWELL TOWNSHIP SCHOOL DISTRICTCOMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONJUNE 30, 2019

Exhibit H-2

	<u>Unemployment Compensation Trust</u>	<u>Total</u>
Additions:		
Payroll Deductions and Withholdings	\$ 103,486	103,486
Total Additions	<u>103,486</u>	<u>103,486</u>
Deductions:		
Unemployment Claims and Bank Fees	86,880	86,880
Total Deductions	<u>86,880</u>	<u>86,880</u>
Change in Net Position	16,606	16,606
Net Position, June 30, 2018	<u>182,104</u>	<u>182,104</u>
Net Position, June 30, 2019	<u>\$ 198,710</u>	<u>198,710</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

STUDENT ACTIVITY AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Total Schools	<u>\$ 427,870</u>	<u>375,965</u>	<u>244,607</u>	<u>559,228</u>

HOWELL TOWNSHIP SCHOOL DISTRICTPAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSJUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Assets:				
Cash and Cash Equivalents	\$ 162,320	35,953,559	35,954,759	161,120
Total Assets	<u>\$ 162,320</u>	<u>35,953,559</u>	<u>35,954,759</u>	<u>161,120</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 162,320	35,953,559	35,954,759	161,120
Total Liabilities	<u>\$ 162,320</u>	<u>35,953,559</u>	<u>35,954,759</u>	<u>161,120</u>

LONG-TERM DEBT – I

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS

Exhibit I-1
Sheet 1 of 2

JUNE 30, 2019

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Date</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
School:									
2012A Refunding Bonds (Refunding)	5/22/12	\$ 8,825,000	12/1/2022	\$ 2,005,000	4.00%	\$ 2,005,000			2,005,000
Construction of 3 Schools (Refunding)	9/17/10	16,250,000	7/15/19 7/15/20 7/15/21	2,120,000 2,215,000 2,305,000	4.25% 4.00% 4.00%	8,685,000		2,045,000	6,640,000
ERIP Refunding - 2012	12/29/11	2,355,000	10/1/19 10/1/20 10/1/21 10/1/22 10/1/23 10/1/24 10/1/25 10/1/26 10/1/27	270,000 280,000 45,000 45,000 50,000 55,000 55,000 60,000 60,000	3.590% 3.890% 4.840% 4.840% 4.840% 4.840% 4.840% 4.840% 4.840%	1,180,000		260,000	920,000
Pension Series 2005 - Refunding	3/21/2013	9,110,000	7/15/19 7/15/20	1,695,000 1,725,000	1.700% 1.950%	5,090,000		1,670,000	3,420,000

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS

Exhibit I-1
Sheet 2 of 2

JUNE 30, 2019

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Date</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
ESIP-2018 Revenue Bonds	7/10/2018	\$ 14,925,000	7/15/2019	\$ 155,000	4.00%		14,925,000		14,925,000
			7/15/2020	530,000	5.00%				
			7/15/2021	410,000					
			7/15/2022	425,000					
			7/15/2023	470,000					
			7/15/2024	365,000					
			7/15/2025	405,000					
			7/15/2026	450,000					
			7/15/2027	500,000					
			7/15/2028	550,000					
			7/15/2029	600,000					
			7/15/2030	660,000					
			7/15/2031	720,000					
			7/15/2032	785,000					
			7/15/2033	845,000					
			7/15/2034	1,215,000	4.00%				
			7/15/2035	1,310,000	5.00%				
			7/15/2036	1,410,000					
			7/15/2037	1,510,000	4.00%				
			7/15/2038	1,610,000					
						<u>\$ 16,960,000</u>	<u>14,925,000</u>	<u>3,975,000</u>	<u>27,910,000</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-2

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2019

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2018</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2019</u>
MCIA 2013 Capital Equipment	1% to 5%	\$ 7,170,000	\$ 1,567,000	1,567,000	-
MCIA 2015 Capital Equipment	2-5%	1,757,000	1,110,000	352,000	758,000
			<u>\$ 2,677,000</u>	<u>1,919,000</u>	<u>758,000</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

LONG-TERM DEBT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/(Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 4,609,831		4,609,831	4,609,831	
State Sources:					
Debt Service Aid Type II	24,545		24,545	24,545	
Total Revenues	<u>4,634,376</u>	<u>-</u>	<u>4,634,376</u>	<u>4,634,376</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	634,831		634,831	499,729	135,102
Redemption of Principal	3,999,550		3,999,550	3,975,000	24,550
Total Regular Debt Service	<u>4,634,381</u>	<u>-</u>	<u>4,634,381</u>	<u>4,474,729</u>	<u>159,652</u>
Total Expenditures	<u>4,634,381</u>	<u>-</u>	<u>4,634,381</u>	<u>4,474,729</u>	<u>159,652</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5)	-	(5)	159,647	159,652
Fund Balance July 1	<u>7</u>	<u>-</u>	<u>7</u>	<u>7</u>	
Fund Balance June 30	<u>\$ 2</u>	<u>-</u>	<u>2</u>	<u>159,654</u>	<u>159,652</u>

STATISTICAL SECTION

(Unaudited)

Howell Township Board of Education
 Net Position by Component,
 Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Exhibit J-1
 GASB B-1
 New

	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Invested in capital assets, net of related debt	\$ 32,536,669	\$ 35,360,865	\$ 41,805,697	\$ 42,696,860	\$ 37,759,687	\$ 44,675,740	\$ 54,682,698	\$ 51,043,271	\$ 64,929,737	\$ 54,528,058
Restricted	3,255,977	6,542,075	11,960,173	13,017,348	22,111,377	14,502,249	19,119,143	22,418,589	19,492,760	36,619,270
Unrestricted	(3,480,855)	(3,644,835)	(4,721,787)	(4,814,598)	(4,564,772)	(43,413,513)	(51,103,141)	(48,519,420)	-	(45,077,934)
Total governmental activities net Position	<u>\$ 32,311,791</u>	<u>\$ 38,258,105</u>	<u>\$ 49,044,083</u>	<u>\$ 50,899,610</u>	<u>\$ 55,306,292</u>	<u>\$ 15,764,476</u>	<u>\$ 22,698,700</u>	<u>\$ 24,942,440</u>	<u>\$ 84,422,497</u>	<u>\$ 46,069,394</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 104,697	\$ 85,737	\$ 66,997	\$ 48,257	\$ 181,953	\$ 137,594	\$ 100,154	\$ 100,154	\$ 82,700	\$ 82,700
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	90,482	99,579	124,187	38,305	117,361	(48,647)	(144,425)	(187,187)	(196,266)	10,278
Total business-type activities net Position	<u>\$ 195,179</u>	<u>\$ 185,316</u>	<u>\$ 191,184</u>	<u>\$ 86,562</u>	<u>\$ 299,314</u>	<u>\$ 88,947</u>	<u>\$ (44,271)</u>	<u>\$ (87,033)</u>	<u>\$ (113,566)</u>	<u>\$ 92,978</u>
District-wide										
Invested in capital assets, net of related debt	\$ 32,641,366	\$ 35,446,602	\$ 41,872,694	\$ 42,745,117	\$ 37,941,640	\$ 44,813,334	\$ 54,782,852	\$ 51,143,425	\$ 65,012,437	\$ 54,610,758
Restricted	3,255,977	6,542,075	11,960,173	13,017,348	22,111,377	14,502,249	19,119,143	22,418,589	19,492,760	36,619,270
Unrestricted	(3,390,373)	(3,545,256)	(4,597,600)	(4,776,293)	(4,447,411)	(43,462,160)	(51,247,566)	(48,706,607)	(196,266)	(45,067,656)
Total district net Position	<u>\$ 32,506,970</u>	<u>\$ 38,443,421</u>	<u>\$ 49,235,267</u>	<u>\$ 50,986,172</u>	<u>\$ 55,605,606</u>	<u>\$ 15,853,423</u>	<u>\$ 22,654,429</u>	<u>\$ 24,855,407</u>	<u>\$ 84,308,931</u>	<u>\$ 46,162,372</u>

Source: CAFR Schedule A-1

Howell Township Board of Education
 Changes in Net Position, Last Ten Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	\$ 17,561,296	\$ 26,061,560	\$ 27,692,356	\$ 28,172,640	\$ 27,467,243	\$ 28,426,049	\$ 28,179,042	\$ 28,500,018	\$ 23,477,168	\$ 29,998,441
Special education	9,937,300	12,623,357	13,254,196	12,430,632	13,129,364	13,811,055	13,920,095	13,315,894	13,867,642	14,101,765
Other special education	2,513,602	2,266,616	2,240,016	2,253,280	2,505,590	2,461,250	2,166,314	2,309,824	2,480,847	2,469,425
Other instruction	295,933	81,375	404,801	448,068	540,881	561,958	480,374	479,460	475,292	517,936
Support Services:										
Tuition	510,142	621,320	774,964	1,409,349	1,572,736	1,589,875	724,532	849,083	802,061	1,012,512
Student & instruction related services	9,924,376	10,333,948	10,131,392	9,971,784	12,166,003	11,643,109	11,426,696	11,558,781	11,906,712	12,091,100
General and Business Administrative Services	1,162,051	1,176,254	1,360,778	1,281,169	1,217,998	1,210,935	2,004,449	4,654,978	4,648,211	4,709,630
School administrative services	5,007,781	4,717,838	3,933,627	4,464,055	4,619,285	4,123,526	4,633,239	1,331,812	1,173,766	1,403,948
Other Administrative Services										
Plant operations and maintenance	9,006,679	8,501,202	9,031,221	7,781,764	8,419,741	9,606,472	9,212,484	9,342,486	11,016,326	9,829,575
Pupil transportation	7,729,313	7,443,099	7,933,520	8,222,068	7,607,477	7,321,656	7,304,051	8,018,845	8,564,076	8,560,330
Business and Other Support Services	1,219,969	1,262,335	1,928,778	1,050,020	1,063,730	1,769,253	1,202,250	2,058,037	2,351,092	1,685,237
Special Schools	-	-	-	-	-	-	218,607	251,672		256,798
Capital Outlay	-	-	-	-	-	-	610,311		241,642	(2,056,400)
Unallocated Benefits	24,143,002	24,082,978	24,548,579	31,140,403	28,699,236	31,999,474	35,023,399	38,722,415	38,076,496	36,054,630
Interest on long-term debt	2,735,159	2,185,528	1,885,334	1,581,657	1,074,376	1,131,957	892,225	750,384	535,564	1,050,614
ARRA - ESF	4,813,894									
ARRA - GSF	186,353									
Education Jobs			1,185,607	2,959						
Unallocated depreciation	3,611,275	3,353,902	3,245,670	3,353,901	5,784,396	4,934,193	2,779,125	4,457,479	1,406,956	3,115,593
Total governmental activities expenses	<u>100,358,115</u>	<u>104,711,312</u>	<u>109,560,839</u>	<u>113,563,749</u>	<u>115,868,055</u>	<u>120,590,762</u>	<u>120,166,882</u>	<u>127,211,479</u>	<u>121,023,851</u>	<u>124,801,134</u>
Business-type activities:										
Food service	2,013,467	1,927,989	2,021,093	1,933,964	1,855,657	1,871,185	1,708,774	1,591,533	1,585,536	1,672,513
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>2,013,467</u>	<u>1,927,989</u>	<u>2,021,093</u>	<u>1,933,964</u>	<u>1,855,657</u>	<u>1,871,185</u>	<u>1,708,774</u>	<u>1,591,533</u>	<u>1,585,536</u>	<u>1,672,513</u>
Total district expenses	<u>\$ 102,371,582</u>	<u>\$ 106,639,301</u>	<u>\$ 111,571,932</u>	<u>\$ 115,497,713</u>	<u>\$ 117,723,712</u>	<u>\$ 122,461,947</u>	<u>\$ 121,875,656</u>	<u>\$ 128,803,012</u>	<u>\$ 122,609,387</u>	<u>\$ 126,473,647</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ 1,015,135	\$ 757,665	\$ 508,659	\$ 550,546	\$ -	\$ 849,083	\$ 802,061	\$ 734,731
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	3,295,689	2,797,099	3,976,794	2,219,717	2,308,712	2,411,918	2,492,170	2,332,361	2,320,897	2,217,876
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>3,295,689</u>	<u>2,797,099</u>	<u>4,991,929</u>	<u>2,977,382</u>	<u>2,817,371</u>	<u>2,962,464</u>	<u>2,492,170</u>	<u>3,181,434</u>	<u>3,122,958</u>	<u>2,952,607</u>
Business-type activities:										
Charges for services										
Food service	1,479,324	1,422,437	1,465,088	1,306,912	1,290,686	1,106,621	999,936	965,544	894,726	1,254,445
Child care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	478,841	495,608	563,873	522,430	612,412	554,197	575,620	583,227	603,530	624,612
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>1,958,165</u>	<u>1,918,045</u>	<u>2,028,961</u>	<u>1,829,342</u>	<u>1,903,098</u>	<u>1,660,818</u>	<u>1,575,556</u>	<u>1,548,771</u>	<u>1,498,256</u>	<u>1,879,057</u>
Total district program revenues	<u>\$ 5,253,854</u>	<u>\$ 4,715,144</u>	<u>\$ 7,018,890</u>	<u>\$ 4,806,724</u>	<u>\$ 4,720,469</u>	<u>\$ 4,623,282</u>	<u>\$ 4,067,726</u>	<u>\$ 4,730,205</u>	<u>\$ 4,621,214</u>	<u>\$ 4,831,664</u>
Net (Expense)/Revenue										
Governmental activities	\$ (100,358,115)	\$ (101,914,213)	\$ (104,558,910)	\$ (110,586,367)	\$ (113,003,243)	\$ (117,628,298)	\$ (117,674,712)	\$ (117,674,712)	\$ (117,900,893)	\$ (121,848,500)
Business-type activities	(55,302)	(9,944)	5,868	(104,622)	47,441	(210,367)	(133,218)	(133,218)	(87,280)	206,544
Total district-wide net expense	<u>\$ (100,413,417)</u>	<u>\$ (101,924,157)</u>	<u>\$ (104,553,042)</u>	<u>\$ (110,690,989)</u>	<u>\$ (112,955,802)</u>	<u>\$ (117,838,665)</u>	<u>\$ (117,807,930)</u>	<u>\$ (117,807,930)</u>	<u>\$ (117,988,173)</u>	<u>\$ (121,641,956)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										

Howell Township Board of Education
 Changes in Net Position, Last Ten Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

Exhibit J-2
 GASB B-2
 New

	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Property taxes levied for general purposes, net	\$ 63,777,301	\$ 64,464,148	\$ 64,464,148	\$ 63,460,383	\$ 65,287,734	\$ 67,540,789	\$ 68,864,597	\$ 71,157,372	\$ 72,459,479	\$ 73,908,669
Taxes levied for debt service	7,117,889	6,783,858	6,830,168	6,818,991	5,710,690	5,586,449	5,367,482	5,465,795	5,607,056	4,609,831
Unrestricted grants and contributions	43,278,554	38,574,243	41,077,646	44,662,910	44,351,670	44,160,944	47,214,461	47,901,068	49,204,807	50,476,532
Tuition	536,262	1,157,362								
Investment earnings	23,832	8,618	2,744	13,692						
Miscellaneous income	197,540	407,444	412,566	659,246	8,247,826	1,343,112	3,162,396	1,749,550	1,018,109	1,709,629
Other	2,023,855	7,464,854	3,554,580	(3,859,460)	696,481	-5,836,414			293,860	1,588,375
Transfers	-									
Total governmental activities	116,955,233	118,860,527	116,341,852	111,755,762	124,294,401	112,794,880	124,608,936	126,273,785	128,583,311	132,293,036
Business-type activities:										
Investment earnings	-									
Miscellaneous Income	454	81	0	0	165,311					
Total business-type activities	454	81	0	0	165,311	0	0	0	0	0
Total district-wide	\$ 116,955,687	\$ 118,860,608	\$ 116,341,852	\$ 111,755,762	\$ 124,459,712	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ 16,596,664	\$ 16,946,314	\$ 11,782,942	\$ 1,169,395	\$ 11,243,717	\$ (43,233,615) *	\$ 6,934,224	\$ 2,243,740	\$ 10,388,558	\$ 10,444,536
Business-type activities	(54,848)	(9,863)	5,868	(104,622)	212,752	-210,367	(133,218)	(42,762)	(87,280)	206,544
Total district	\$ 16,541,816	\$ 16,936,451	\$ 11,788,810	\$ 1,064,773	\$ 11,456,469	\$ (43,443,982)	\$ 6,801,006	\$ 2,200,978	\$ 10,301,278	\$ 10,651,080

*Due to Restatement for Pension - New Requirement per GASB # 68

Source: CAFR Schedule A-2

Howell Township Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

Exhibit J-3
GASB B-3
New

	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 3,160,424	\$ 6,460,964	\$ 11,900,829	\$ 12,818,847	\$ 18,136,778	\$ 12,909,141	\$ 15,524,048	\$ 19,409,551	\$23,017,512	\$ 28,216,372
Unreserved	(730,305)	(984,164)	(4,721,787)	(4,814,598)	(4,564,772)	(1,110,175)	(1,065,104)	(951,419)	(1,430,926)	(990,712)
Total General fund	<u>\$ 2,430,119</u>	<u>\$ 5,476,800</u>	<u>\$ 7,179,042</u>	<u>\$ 8,004,249</u>	<u>\$ 13,572,006</u>	<u>\$ 11,798,966</u>	<u>\$ 14,458,944</u>	<u>\$ 18,458,132</u>	<u>\$21,586,586</u>	<u>\$ 27,225,660</u>
All Other Governmental Funds										
Reserved	\$ -	\$ 39,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	42,499	41,537	41,537	41,537	3,608,887	1,500,594	3,456,030	3,009,030	30,090,630	15,827,557
Debt service fund	53,054	1	17,807	156,964	365,612	365,517	139,065	8	7	159,654
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 95,553</u>	<u>\$ 81,111</u>	<u>\$ 59,344</u>	<u>\$ 198,501</u>	<u>\$ 3,974,499</u>	<u>\$ 1,866,111</u>	<u>\$ 3,595,095</u>	<u>\$ 3,009,038</u>	<u>\$30,090,637</u>	<u>\$ 15,987,211</u>

Source: CAFR Schedule B-1

Howell Township Board of Education
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years (Unaudited)

Exhibit J-4
 GABS B-4
 New

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 70,895,190	\$ 71,248,006	\$ 71,294,316	\$ 70,279,374	\$ 70,998,424	\$ 73,127,238	\$ 74,232,079	\$ 76,623,167	\$ 78,066,535	\$ 78,518,500
Tuition charges	536,262	1,157,362	1,015,135	757,665	508,659	550,546	1,339,349	1,091,662	849,321	734,731
Interest earnings	23,832	8,618	2,744	13,692	0	0				
Miscellaneous	198,966	408,944	414,066	666,344	8,268,894	1,405,464	2,968,521	1,520,363	980,475	1,723,667
State sources	38,426,263	38,669,286	41,181,886	44,719,660	44,407,366	44,175,234	47,202,695	47,874,030	49,218,616	50,492,028
Federal sources	8,146,080	2,700,656	3,871,054	2,155,869	2,231,948	2,335,276	2,489,713	2,345,997	2,297,462	2,188,342
Total revenue	\$ 118,226,613	\$ 114,192,772	\$ 117,779,201	\$ 118,592,604	\$ 126,415,291	\$ 121,593,758	\$ 128,232,357	\$ 129,455,219	\$ 131,412,409	\$ 133,657,268
Expenditures										
Instruction										
Regular Instruction	\$ 24,411,380	\$ 26,151,439	\$ 27,466,657	\$ 28,010,491	\$ 27,051,981	\$ 28,426,049	\$ 28,394,241	\$ 28,500,018	\$ 28,937,035	\$ 29,008,253
Special education instruction	11,774,750	12,623,357	13,254,196	12,430,632	13,129,364	13,811,055	13,920,095	13,315,894	13,867,642	14,101,765
Other special instruction	2,513,602	2,266,616	2,240,016	2,253,280	2,505,590	2,461,250	2,166,314	2,309,824	2,480,847	2,469,425
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	295,933	81,375	404,801	448,068	540,881	561,958	480,374	479,460	475,292	517,936
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	510,142	621,320	774,964	1,409,349	1,572,736	1,589,875	724,532	849,083	802,061	1,012,512
Student & instruction related services	11,382,615	10,333,948	10,131,392	9,971,784	12,166,003	11,643,109	11,645,303	11,558,781	11,906,712	12,091,100
General administrative services	-	-	-	-	-	-	-	-	-	-
School Administrative services	1,162,051	4,717,838	1,360,778	1,281,169	1,217,998	1,210,935	4,633,239	4,654,978	4,648,211	4,709,603
Other Administrative services	5,007,781	1,176,254	3,933,627	4,464,055	4,619,285	4,123,526	2,004,449	1,331,812	1,173,766	1,403,948
Plant operations and maintenance	9,006,679	8,501,202	8,201,768	7,781,764	8,419,741	9,606,472	9,212,484	9,342,486	11,016,326	9,829,575
Pupil transportation	7,729,313	7,443,099	7,933,520	8,222,068	7,607,477	7,321,656	7,304,051	8,018,845	8,564,076	8,560,330
Business and Other Support Services	1,219,959	1,262,335	1,928,778	1,050,020	1,063,730	1,789,253	1,202,250	2,058,037	2,351,092	1,685,237
Unallocated employee benefits	24,143,002	24,082,978	24,548,579	31,140,403	28,699,235	31,735,519	34,481,737	34,682,586	35,723,553	36,424,170
ARRA-ESF	4,813,894	-	-	-	-	-	-	-	-	-
ARRA-GSF	186,353	-	-	-	-	-	-	-	-	-
Capital outlay	7,303,220	3,422,597	1,232,006	1,498,365	3,303,034	2,847,150	557,966	2,691,450	390,855	5,008,014
Education Jobs	-	-	1,185,607	2,959	0	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	251,672	241,642	256,798
Debt service:										
Principal	5,829,070	5,450,682	5,668,547	5,946,868	4,848,805	4,859,900	5,030,000	5,210,000	5,360,000	3,975,000
Interest and other charges	2,899,075	2,484,721	2,257,679	1,830,078	1,087,823	1,134,946	955,118	787,162	638,706	499,729
Total expenditures	\$ 120,188,819	\$ 110,619,761	\$ 112,522,915	\$ 117,741,353	\$ 117,833,683	\$ 123,102,653	\$ 122,712,153	\$ 126,042,088	\$ 128,577,816	\$ 131,553,395
Excess (Deficiency) of revenues over (under) expenditures	\$ (1,962,206)	\$ 3,573,011	\$ 5,256,286	\$ 851,251	\$ 8,581,608	\$ (1,508,895)	\$ 5,520,204	\$ 3,413,131	\$ 2,834,593	\$ 2,103,873
Other Financing sources (uses)										
Capital leases (non-budgeted)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,796,684)	\$ (1,309,759)	\$ -	\$ -	\$ -
Capital Projects	1,093,717	-	-	-	-	-	-	-	-	-
Sale/Leaseback Proceeds	1,550,281	130	-	-	-	-	-	-	-	-
Leaseback Expenditures	(1,142,106)	(602,247)	-	-	-	-	-	-	-	-
Proceeds of refunding debt	-	-	-	-	-	-	-	-	-	-
Current/Anticipated Additional Surplus	432,868	-	-	-	500,000	-	-	-	-	14925000
Par amount of bonds	-	-	-	-	-	-	-	-	-	-
Accounts Receivable Cancelled	-	(1,416)	(800)	(45)	-	-	(8,074)	-	-	-
Accounts Payable Cancelled	-	88,424	-	-	196481	-	110003	-	-	-
Premium on Sale of Bonds	-	-	-	-	-	-	-	-	-	1588375
Accrued interest	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	89,115	-	80,380	26,886	0	(39,730)	92,202	-	-	-
Transfers in	-	-	-	-	-	-	-	-	354607	-
Transfers out	-	-	-	-	-	-	(15,623)	-	(60,747)	-
Total other financing sources (uses)	2,023,855	(615,109)	79,580	26,841	696,481	(5,836,414)	(1,131,251)	-	293,860	16,513,375
Net change in fund balances	\$ 61,649	\$ 3,057,902	\$ 5,335,886	\$ 878,093	\$ 9,278,089	\$ (7,345,309)	\$ 4,388,963	\$ 3,413,131	\$ 3,128,453	\$ 18,617,248
Debt service as a percentage of noncapital expenditures	7.7%	7.4%	7.1%	6.4%	5.1%	4.9	4.9	4.7	4.9	3.5

Source: CAFR Schedule B-2
 End of Yr Rev. Funds 10,20,40 (A/P)
 End of Yr. Expenditure Budget Rprt & Funds 11,12,20,40 (A/P)

HOWELL TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 UNAUDITED

Exhibit J-5

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Capital Lease	Misc.	Total
2010	\$ 23,832	536,262	-	197,086	757,180
2011	8,618	1,157,362	-	407,444	1,573,424
2012	2,744	1,015,135	-	438,300	1,456,179
2013	13,692	757,665	-	666,344	1,439,714
2014	-	508,659	7,170,000	1,098,894	8,777,553
2015	-	550,546	743,063	600,049	1,893,658
2016	-	1,339,349	1,946,490	719,639	4,005,478
2017	-	1,091,662	-	1,520,363	2,612,025
2018	-	849,321	-	980,475	1,829,796
2019	-	-	-	1,723,667	1,723,667

Source: District Records - Audit B2

Howell Township Board of Education
 Assessed Value and Actual Value of Taxable Property,
 Last Ten Fiscal Years (Unaudited)

Exhibit J-6
 GASB C-11
 NJ J-4

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qual Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2008	264,011,700	5,707,045,800	107,499,400	2,543,100	667,961,100	111,543,900	-	6,860,605,000	0	9,626,317	6,870,231,317	1	7,080,369,254
2009	253,365,700	5,735,865,900	104,001,400	2,426,100	662,057,600	109,299,300	-	6,867,016,000	0	10,565,151	6,877,581,151	1	7,091,186,316
2010	237,133,360	5,747,380,000	107,553,000	2,707,600	662,086,020	134,095,700	-	6,890,955,680					
2011	No Data Available												
2012	147,940,600	4,554,735,400	85,598,100	2,640,500	595,545,700	103,344,900		5,489,805,200		11,032,948	5,500,838,148	1	6,542,377,983
2013	155,567,400	4,579,708,000	89,858,000	2,768,800	594,385,000	101,856,600		5,524,143,800	0	8,867,486	5,533,011,286	1	6,247,117,756
2014	137,473,900	4,623,682,700	89,384,800	2,673,500	611,874,200	101,664,900		5,566,754,000	0	7,632,229	5,574,386,229	1	6,143,515,923
2015	127,426,600	5,157,744,800	98,908,600	2,755,700	616,492,200	107,704,400	32,259,800	6,143,292,100	0	8,470,420	6,151,762,520	1	6,452,258,346
2016	114,702,200	5,373,302,700	101,965,500	2,701,000	628,132,400	112,376,100	32,259,800	6,365,439,700	0	8,470,420	6,365,439,700	1	6,676,695,456
2017	118,523,800	5,654,440,800	98,312,200	2,397,100	6,264,784,300	104,535,300	37,293,500	6,642,287,000	0	0	6,642,287,000	1	6,833,823,093
2018	114,774,900	5,878,284,700	98,123,400	2,624,600	668,590,600	105,862,100	38,671,700	6,903,932,000	0		6,903,932,000	1	7,210,500,749
2019	No Data Available												

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
 Monmouth County Abstract of Ratables
 Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

2016 Public Utilities through Estimated Actual not available

**Howell Township Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years Unaudited)**

(rate per \$100 of assessed value)

Exhibit J-7
GASB C-2
NJ J-5

Fiscal Year Ended June 30,	Howell Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate	
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Freehold Regional School District	Howell Township	Library/Other		Monmouth County
2008	0.888	0.111	0.999	0.371	0.266	0.030	0.232	1.898
2009	0.915	0.106	1.021	0.353	0.266	0.033	0.268	1.941
2010	0.928	0.101	1.029	0.385	0.326	0.034	0.277	2.051
2011			1.037	0.380	0.354	0.034	0.265	2.070
2012*	1.1653	0.1217	1.287	0.478	0.453	0.038	0.329	2.585
2013	1.138	0.139	1.277	0.483	0.457	0.037	0.331	2.585
2014	1.038	0.101	1.139	0.452	0.448	0.037	0.329	2.405
2015	1.104	0.091	1.195	0.432	0.398	0.036	0.310	2.371
2016	1.067	0.086	1.153	0.433	0.399	0.036	0.297	2.318
2017	1.165	0.086	1.251	0.436	0.397	0.018	0.263	2.365
2018	1.127	0.086	1.213	0.449	0.388	0.018	0.259	2.327
2019	1.127	0.082	1.209	0.449	0.388	0.000	0.259	2.305

Source: District Records and Municipal Tax Collector
2012* Re-evaluation year

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calcu

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.

Howell Township Board of Education
Principal Property Tax Payers,
Current Year and Ten Years Ago
(Unaudited)

Exhibit J-8
GASB C-3
NJ J-11

Taxpayer	2018		2009 (2007 and 2008 were unavailable)	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Buffalo-Parkton & Feurstein & Wain Co	\$ 42,898,400	0.65%	Buffalo-Parkton & Feurstein & Wain Co	45,138,000 0.68
Howell Verdana LLC & Verdonna LLC	\$ 37,293,500	0.59%	Home Depot USA Inc	17,160,000 0.26
Howell Friendship Real Estate Co	\$ 20,259,600	0.32%	Lowe's Home Centers Inc	16,530,000 0.25
AA Cardiff, LLC Etal & Sun Equity	\$ 20,091,000	0.32%	Fairfield Park LLC	16,190,200 0.24
DS & DJ Realty, LLC	\$ 15,933,100	0.25%	DS & DJ Realty LLC	14,845,100 0.22
Home Depot USA Inc	\$ 15,816,400	0.25%	Target Corporation	14,800,000 0.22
Lowe's Home Center Inc	\$ 14,961,400	0.24%	Brochin Leona & Mur/Levin Mgmt Corp	14,000,000 0.21
Walmart Stores Inc	\$ 14,188,300	0.22%	Howell Associates LLC/Ramada Inn	13,705,500 0.21
Target Corporation	\$ 13,920,900	0.22%	Eagle Golf Enterprises	12,585,500 0.19
Aldrich Plaza	\$ 13,799,100	0.22%	Pinnacle Materials inc	11,626,800 0.18
Total	\$ 209,161,700	3.26%		176,581,100 2.66

Source: District CAFR & Municipal Tax Assessor

**Howell Township Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years (Unaudited)**

Exhibit J-9
GASB C-4
Expanded J-3

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	125,813,658	122,649,197	97.48%	
2008	134,889,611	132,083,633	97.92%	
2009	137,155,943	135,312,221	98.66%	
2010	139,827,182	135,767,912	97.10%	
2011	146,277,469	143,240,560	97.92%	
2012	149,003,741	145,508,487	97.65%	
2013	149,375,012	146,642,161	98.17%	
2014	149,566,715	146,674,153	98.07%	
2015	153,354,583	150,319,630	98.02%	
2016	156,410,390	153,692,833	98.26%	
2017	159,575,286	153,692,833	96.31%	
2018	165,162,860	162,472,842	98.37%	

Source: Howell Tax Collector/CFO

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

Howell Township Board of Education
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Exhibit J-10
 GASB D-1
 New

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2008	69,452,720	-	8,840,202	-	-	78,292,922	0.07%	57,353
2009	63,431,359	-	7,896,514	-	-	71,327,873	0.08%	54,771
2010	57,621,468	-	5,736,664	-	-	63,358,132	0.09%	55,764
2011	53,466,852	-	2,462,107	-	-	55,928,959	0.10%	56,955
2012	44,335,437	-	2,078,043	-	-	46,413,480	0.13%	58,355
2013	42,268,804	-	1,159,612	-	-	43,428,416	0.14%	61,426
2014	37,420,000	-	-	-	-	37,420,000	0.17%	62,901
2015	32,560,000	-	6,213,196	-	-	38,773,196	0.16%	61,968
2016	27,530,000	-	6,473,087	-	-	34,003,087	0.18%	61,968
2017	22,320,000	-	4,594,889	-	-	26,914,889	0.23%	61,968
2018	16,960,000	-	4,594,889	-	-	21,554,889	0.29%	61,968

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

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

- a** See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

Howell Township Board of Education
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

Exhibit J-11
 GASB D-2
 NJ J-6 modified

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	63,431,359	-	63,431,359	0.93%	1,235
2010	57,639,666	-	57,639,666	0.84%	1,122
2011	53,466,852	-	53,466,852	0.78%	1,041
2012	44,329,371		44,329,371	0.80%	867
2013	42,268,804		42,268,804	0.76%	827
2015	38,773,196		38,773,196	2.32%	759
2016	34,003,087		34,003,087	2.32%	665
2017	28,715,988		28,715,988	2.30%	562
2018	16,960,000		16,960,000	0.96%	332

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

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

b Population data can be found in Exhibit NJ J-13.

Source: General Obligation Bonds, Debt Balance less EDA commitments

Howell Township Board of Education
 Ratios of Overlapping Governmental Activities Debt
 As of June 30, 2017

Exhibit J-12
 GASB D-3
 NJ J-8 modified

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Howell Township	\$ 78,518,500	100.000%	78,518,500
Other debt			
Freehold Regional High School	1,182,623	22.721%	268,704
Monmouth County	24,735,650	5.720%	1,414,879
Subtotal, overlapping debt			80,202,083
Howell Township School District Direct Debt			78,518,500
Total direct and overlapping debt			\$ 158,720,583

Sources: Howell Township Finance Officer, Monmouth County Finance Office,
 Howell Township Website

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 Howell. 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.

Howell Township Board of Education
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Exhibit J-13
 GASB D-4
 NJ J-7 modified

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis	
	2018	7,210,600,749
	2017	6,642,287,000
	2016	6,365,439,700
	[A]	<u>20,218,227,449</u>
Average equalized valuation of taxable prop	[A/3]	\$ 6,739,409,150
Debt limit (3 % of average equalization)	[B]	202,182,274 ^a
Net bonded school debt	[C]	<u>69,089,436</u>
Legal debt margin	[B-C]	<u>\$ 133,092,838</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$211,663,211	\$ 211,656,041	\$ 140,852,349	\$ 194,360,174	187,652,987	186,479,526	191,118,436	191,118,436	193,731,664	133,092,838
Total net debt applicable to limit	<u>75,692,322</u>	<u>64,576,880</u>	<u>53,466,852</u>	<u>37,388,311</u>	<u>44,622,619</u>	<u>58,496,451</u>	<u>69,089,436</u>	<u>69,089,436</u>	<u>69,089,436</u>	<u>69,089,436</u>
Legal debt margin	<u>\$135,970,889</u>	<u>\$ 147,079,161</u>	<u>\$ 87,385,497</u>	<u>\$ 156,971,863</u>	<u>143,030,368</u>	<u>127,983,075</u>	<u>122,029,000</u>	<u>122,029,000</u>	<u>124,642,228</u>	<u>64,003,402</u>
Total net debt applicable to the limit as a percentage of debt limit	35.76%	30.51%	37.96%	19.24%	23.78%	31.37%	36.15%	36.15%	35.66%	51.91%

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

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

Howell Township Board of Education
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Exhibit J-14
 GASB E-1
 NJ J-10 modified

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^b	Unemployment Rate ^d
2008	51,297	2,942,036,841	57,353	3.5%
2009	51,551	2,823,499,821	54,771	9.2%
2010	51,119	2,850,599,916	55,764	9.1%
2011	51,127	2,911,938,285	56,955	8.9%
2012	51,109	2,982,465,695	58,355	8.8%
2013	51,732	3,177,689,832	61,426	7.6%
2014	51,897	3,264,373,197	62,901	6.2%
2015	52,104	3,439,853,976	66,019	5.1%
2016	52,245	3,237,518,160	61,968	4.7%
2017	51,765	2,030,430,360	39,224	4.3%
2018	52,114	2,142,250,198	41,107	3.7%

Source:

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

^b Personal income based on 3% increment

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

Howell Township Board of Education
Principal Employers,
Current Year and Ten Years Ago

Exhibit J-15 GASB E-2 NEW

Employer	2013			2003		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Howell Township Board of Education	1,357	1	67.61%	-		0.00%
Township of Howell	220	2	10.96%	-		0.00%
Home Depot	155	3	7.72%	-		0.00%
Lowe's	140	4	6.98%	-		0.00%
Kohnls	135	5	6.73%	-		0.00%
	-			-		0.00%
	<u>2,007</u>		<u>100.00%</u>	<u>-</u>		<u>0.00%</u>

Source:

*Howell Township does not collect this information.

Howell Township Board of Education
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years (Unaudited)

Exhibit J-16
 GASB F-1
 New

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 #</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	390	376	343	352	357	357	360	338 #	331	339
Special education	288	282	299	299	297	296	302	290 #	208	244
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	84	83	87	91	92	93	102	108 #	122	124
General administrative services	15	15	6	6	6	6	6	6 7	7	7
School administrative services	56	50	51	52	52	52	52	52 #	53	53
Business administrative services	15	14	16	16	16	16	14	14 #	13	13
Plant operations and maintenance	100	104	74	74	74	74	74	76 #	74	74
Pupil transportation	64	64	65	65	63	63	56	62 #	62	63
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service										
Child Care										
Total	<u>1,012</u>	<u>988</u>	<u>941</u>	<u>955</u>	<u>957</u>	<u>957</u>	<u>966</u>	<u>946 #</u>	<u>870</u>	<u>917</u>

Source: District Personnel Records

Howell Township Board of Education
 Operating Statistics
 Last Ten Fiscal Years (Unaudited)

Exhibit J-17
 GASB F-6
 NJ J-12, 14

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff	Per Pupil Ratio	Average Daily Enrollment (ADE) ₁	Average Daily Attendance (ADA) ₁	% Change in Average Daily Enrollment	Student Attendance Percentage
2009	6,920	101,461,446	14,662		540	1:13	6,903	6,575		95.2%
2010	6,783	104,157,454	15,356	4.73%	656	2:13	6,697	6,456	-2.98%	96.4%
2011	6,773	99,678,440	14,717	-4.16%	641	2:13	6,821	6,438	1.85%	94.4%
2012	6,541	104,653,420	16,000	8.71%	654	1:10	6,934	6,466	1.66%	93.3%
2013	6,277	104,913,365	16,714	4.46%	676	1:11	6,298	5,998	-9.17%	95.23%
2014	6,359	109,485,681	17,217	3.01%	662	1:10	6,148	5,850	-2.38%	95.15%
2015	6,153	114,260,657	18,570	7.86%	662	1:10	6,148	5,850	0.00%	95.15%
2016	6,004	103,890,078	17,303	-6.82%	628	1:10	6,011	5,704	-2.24%	94.90%
2017	5,923	103,726,447	17,512	1.21%	581	1:10	5,640	5,640	-6.17%	100.00%
2018	5,761	104,901,571	18,209	3.98%	578	1:10	5,790	5,479	2.66%	94.63%
2019	5,611	104,238,529	18,578	2.02%	583	1:10	5,640	5,351	-2.60%	94.88%

Sources: District records, ASSA and Schedules J-12, J-1

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay and projects; B2
- b Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Howell Township Board of Education
 School Building Information
 Last Ten Fiscal Years

Exhibit J-18
 GASB F-4
 New

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary										
Adelphia Elementary School										
Square Feet	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Capacity (students)	537	537	537	537	537	537	537	537	537	537
Enrollment	426	391	400	377	377	377	301	362	356	350
Aldrich Elementary School (1968)										
Square Feet	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400
Capacity (students)	434	434	434	434	434	434	434	434	434	434
Enrollment a	389	382	358	365	365	365	345	429	431	388
Ardena Elementary School (1938)										
Square Feet	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600
Capacity (students)	417	417	417	417	417	417	417	417	417	417
Enrollment	324	437	440	435	435	435	442	338	377	336
Greenville Elementary School										
Square Feet	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Capacity (students)	530	530	530	530	530	530	530	530	530	530
Enrollment	560	512	507	463	463	463	363	329	295	311
Griebing Elementary School (1960)										
Square Feet	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	568	517	510	501	501	501	545	305	278	238
Land O'Pines Elementary School (1960)										
Square Feet	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	541	513	542	521	521	521	538	495	520	511
Memorial Elementary School								120,000	120,000	120,000
Square Feet										
Capacity (students)								577	577	577
Enrollment								322	330	301
Newbury Elementary School (1964)										
Square Feet	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850
Capacity (students)	477	477	477	477	477	477	477	477	477	477
Enrollment	369	405	424	412	412	412	359	435	420	400
Ramtown Elementary School (1964)										
Square Feet	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899
Capacity (students)	705	705	705	705	705	705	705	705	705	705
Enrollment	513	484	494	459	459	459	438	427	388	354
Southard Elementary School (1954)										
Square Feet	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940
Capacity (students)	392	392	392	392	392	392	392	392	392	392
Enrollment	325	-	-	0	-	0	-	-	-	-
Taunton Elementary School (1968)										
Square Feet	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187
Capacity (students)	392	392	392	392	392	392	392	392	392	392
Enrollment	429	497	496	462	462	462	436	385	380	386
Middle School										
Howell Middle School North (1994)										
Square Feet	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000
Capacity (students)	900	900	900	900	900	900	900	900	900	900
Enrollment	859	849	850	826	826	826	802	1,168	1,166	1,107
Howell Middle School South										
Square Feet	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000
Capacity (students)	980	980	980	980	980	980	980	980	980	980
Enrollment	1,034	878	885	832	832	832	751	982	982	929
Memorial Middle School										
Square Feet	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Capacity (students)	577	577	577	577	577	577	577	577	577	577
Enrollment	559	653	651	666	666	666	627			
Other										
Administration Building										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Transportation										
Square Feet	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060
Maintenance Offices										
Square Feet	900	900	900	900	900	900	900	900	900	900

Number of Schools at June 30, 2017
 Elementary = 10
 Middle School = 2

Source: District records, ASSA

HOWELL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST SIX FISCAL YEARS
UNAUDITED

Exhibit J-19

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

School Facilities	Project # (s)	2,019	2,018	2,017	2016	2015	2014	2013	2012	2011	2010	2009	School % Square Foot
Adelphia School	N/A	199,803	241,720	166,343	139,879	156,361	111,729	102,392	\$ 105,789	\$ 105,286	\$ 99,133	\$ 106,810	0.0618
Aldrich School	N/A	180,082	217,861	149,924	126,073	140,928	100,700	92,285	\$ 95,347	94,893	89,348	96,267	0.0557
Ardena School	N/A	175,555	212,385	146,156	122,904	137,385	98,169	89,966	\$ 92,950	92,508	87,102	93,847	0.0543
Greenville School	N/A	199,803	241,720	166,343	139,879	156,361	111,729	102,392	\$ 105,789	105,286	99,133	106,810	0.0618
Griebling School	N/A	228,254	276,139	190,030	159,798	178,626	127,638	116,972	\$ 120,853	120,278	113,249	122,019	0.0706
Land O'Pines School	N/A	237,953	287,873	198,105	166,588	186,217	133,062	121,942	\$ 125,988	125,389	118,061	127,204	0.0736
Newbury School	N/A	204,330	247,195	170,112	143,048	159,904	114,260	104,711	\$ 108,185	107,671	101,379	109,229	0.0632
Ramtown School	N/A	255,735	309,385	212,909	179,037	200,132	143,005	131,055	\$ 135,403	134,759	126,884	136,710	0.0791
Southard School	N/A	189,134	228,812	157,461	132,410	148,012	105,763	96,924	\$ 100,140	99,664	93,839	101,106	0.0585
Taunton School	N/A	228,254	276,139	190,030	159,798	178,626	127,638	116,972	\$ 120,853	120,278	113,249	122,019	0.0706
Howell Middle School North	N/A	412,216	498,693	343,184	288,586	322,590	230,508	211,245	\$ 218,254	217,215	204,522	220,360	0.1275
Howell Middle School South	N/A	414,802	501,822	345,337	290,397	324,614	231,954	212,571	\$ 219,623	218,578	205,805	221,742	0.1283
Howell Memorial Middle School	N/A	307,141	371,575	255,706	215,025	240,361	171,751	157,399	\$ 162,620	161,847	152,369	164,190	0.0950
Total School Facilities		3,233,062	3,911,321	2,691,639	2,263,421	2,530,119	1,807,907	1,656,827	\$ 1,711,792	\$ 1,703,650	\$ 1,604,092	\$ 1,728,312	
Other Facilities								-	-	-	-	-	
Grand Total		3,233,062	3,911,321	2,691,639	2,263,421	2,530,119	1,807,907	1,656,827	\$ 1,711,792	\$ 1,703,650	\$ 1,604,092	\$ 1,728,312	

Source: Actual Expenditures and Encumbrances at end of year for Total Times the school square footage %.

HOWELL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

Company	Type of Coverage	Coverage	Deductible
Utica National	Property Blanket Building & Contents- Replacement Cost Values -Additional Valuable Papers	246,480,224	1,000
Utica National	Umbrella Excess Liability -Each Occurrence	\$ 20,000,000	
	Aggregate Limit of Liability	\$ 20,000,000	
	General Liability Each Occurrence	\$ 1,000,000	
	Aggregate Limit of Liability	\$ 3,000,000	
Utica National	Automotive Coverage -Combined Single Limit	\$ 1,000,000	
	-Hired/Non-Owned	\$ 1,000,000	
	-Uninsured & Underinsured	\$ 1,000,000	
Chubb Insurance Group	Inland Marine -Electronic Data Processing Equipment	\$ 4,000,000	\$ 1,000
Utica National	Crime Coverage -Blanket Employee coverage	\$ 250,000	\$ 250
	-Money & Securities On Premises	\$ 3,000	\$ 250
	Money & Securities Off Premises	\$ 3,000	\$ 250
	Forgery or Alteration		
Utica National	Boiler & Machinery Coverage	268,264,211	1,000
Utica National	Board of Education -Educators Legal Liability		
	Each Loss	\$ 1,000,000	\$5,000.00
	Aggregate	\$ 2,000,000	
Utica National	Fidelity Bonds -Treasurer of School Monies	\$1,200	
	-Business Administrator/Board Secretary	\$250	
Brown & Brown	Workers' Compensation -Professional -\$ 53,858.824 -Non-Professional -\$5,517,245		

Source: District Records

SINGLE AUDIT SECTION

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

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

K-1

Honorable President and Members
of the Board of Education
Howell Township School District
County of Monmouth
Howell Township, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Howell Township Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Howell Township Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated December 5, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

December 5, 2019

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

K-2

Honorable President and Members
of the Board of Education
Howell Township School District
County of Monmouth
Howell Township, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's major state programs for the year ended June 30, 2019. The Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and the Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

December 5, 2019

HOWELL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Federal Fain Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2018	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	Balance at June 30, 2019			
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education:																
Passed-through Department of Education																
Special Revenue Fund																
Title I	84.010	S010A180030		458,697	07/01/2018	06/30/2019	\$ -		94,169	(381,356)			(287,187)			
Title I	84.010	S010A170030		434,531	07/01/2017	06/30/2018	(167,921)		167,921							
Title IIA	84.367A	S367A170029		118,083	07/01/2017	06/30/2018	(50,633)		50,633							
Title IIA	84.367A	S367A180029		147,167	07/01/2018	06/30/2019			23,938	(138,355)			(114,417)			
Title III Immigrant	84.365	S365A180030		4,902	07/01/2018	06/30/2019										
Title III Immigrant	84.365	S365A170030		3,069	07/01/2017	06/30/2018	(3,069)		3,069							
Title III	84.365	S365A180030		46,747	07/01/2018	06/30/2019			8,516	(30,920)			(22,404)			
Title III	84.365	S365A170030		27,348	07/01/2017	06/30/2018	(9,239)		9,239							
Special Education Cluster:																
IDEA Basic	84.027	H027A180100		1,588,232	07/01/2018	06/30/2019			854,727	(1,450,370)			(595,643)			
IDEA Basic	84.027	H027A170100		1,630,022	07/01/2017	06/30/2018	(171,580)		171,580							
IDEA Preschool	84.173	H173A180114		85,869	07/01/2018	06/30/2019			19,581	(76,664)			(57,083)			
IDEA Preschool	84.173	H173A170114		99,728	07/01/2017	06/30/2018	(41,952)		41,952							
Total Special Revenue Fund							(444,394)	-	1,445,325	(2,077,665)	-	-	(1,076,734)	-	-	
U.S. Department of Education:																
General Fund																
Medical Assistance Program	93.778	1905NJ5MAP		92,962	07/01/2018	06/30/2019			92,962	(92,962)						
Total General Fund							-	-	92,962	(92,962)	-	-	-	-	-	
U.S. Department of Agriculture -																
Passed Through State Department																
of Education:																
Child Nutrition Cluster:																
Food Distribution Program	10.550	191NJ304N1099		89,177	07/01/2018	06/30/2019			89,177	(89,177)						
National School Lunch Program	10.555	181NJ304N1099		401,321	07/01/2017	06/30/2018	(41,445)		41,445							
National School Lunch Program	10.555	191NJ304N1099		429,313	07/01/2018	06/30/2019			392,638	(429,313)			(36,675)			
National School Breakfast Program	10.553	191NJ304N1099		68,654	07/01/2018	06/30/2019			62,117	(68,654)			(6,537)			
National School Breakfast Program	10.553	181NJ304N1099		68,066	07/01/2017	06/30/2018	(7,506)		7,506							
HHFKA	10.555	181NJ304N1099		17,907	07/01/2017	06/30/2018	(1,838)		1,838							
HHFKA	10.555	191NJ304N1099		20,134	07/01/2018	06/30/2019			18,365	(20,134)			(1,769)			
Total Enterprise Fund							(50,789)	-	613,086	(607,278)	-	-	(44,981)	-	-	
Total Federal Financial Awards							\$ (495,183)	-	2,151,373	(2,777,905)	-	-	(1,121,715)	-	-	

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

HOWELL TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2018		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	(Repayment) of Prior Years Balances	Balance at June 30, 2019			MEMO		
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures	
General Fund																
Equalization Aid	19-495-034-5120-078	\$ 27,465,312	07/01/2018	06/30/2019	\$			24,738,877	(27,465,312)					(2,726,435)	27,465,312	
Special Education Aid	19-495-034-5120-089	3,740,074	07/01/2018	06/30/2019				3,368,906	(3,740,074)					(371,168)	3,740,074	
Transportation Aid	19-495-034-5120-014	903,761	07/01/2018	06/30/2019				814,046	(903,761)					(89,715)	903,761	
Security Aid	19-495-034-5120-084	517,479	07/01/2018	06/30/2019				465,982	(517,479)					(51,497)	517,479	
Extraordinary Aid	19-495-034-5120-044	712,326	07/01/2018	06/30/2019					(712,326)		(712,326)				712,326	
Extraordinary Aid	18-495-034-5120-044	496,042	07/01/2017	06/30/2018	(496,042)			496,042								
Non-Public Transportation	19-495-034-5120-014	51,006	07/01/2018	06/30/2019					(51,006)		(51,006)				51,006	
Non-Public Transportation	18-495-034-5120-014	43,413	07/01/2017	06/30/2018	(43,413)			43,413								
On-Behalf TPAF Pension & Annuity	19-100-034-5095-002	13,367,586	07/01/2018	06/30/2019				13,367,586	(13,367,586)						13,367,586	
Reimbursed TPAF Social Security	19-100-034-5095-003	3,559,827	07/01/2018	06/30/2019				3,559,827	(3,559,827)						3,559,827	
Total General Fund					(539,455)	-	-	46,824,679	(50,317,371)	-	(763,332)	-	-	(3,238,815)	50,317,371	
Special Revenue Fund																
Textbook Aid	19-100-034-5120-064	8,331	07/01/2018	06/30/2019				8,331	(8,115)				216		8,115	
Textbook Aid	18-100-034-5120-064	9,094	07/01/2017	06/30/2018	1,220					(1,220)						
Auxiliary Services:																
Compensatory Education	18-100-034-5120-067	26,575	07/01/2017	06/30/2018	4,429					(4,429)						
Compensatory Education	19-100-034-5120-067	22,843	07/01/2018	06/30/2019				22,843	(22,843)						22,843	
English as a Second Language	19-100-034-5120-067	4,314	07/01/2018	06/30/2019				4,314	(3,500)				814		3,500	
Transportation	19-100-034-5120-067	11,900	07/01/2018	06/30/2019				11,900					11,900			
Handicapped Services:																
Supplementary Instruction	18-100-034-5120-066	15,066	07/01/2017	06/30/2018	2,379					(2,379)						
Supplementary Instruction	19-100-034-5120-066	15,859	07/01/2018	06/30/2019				15,859	(8,378)				7,481		8,378	
Examination and Classification - Initial	18-100-034-5120-066	11,458	07/01/2017	06/30/2018	2,546					(2,546)						
Examination and Classification - Initial	19-100-034-5120-066	8,912	07/01/2018	06/30/2019				8,912	(8,912)						8,912	
Examination and Classification - Annual	19-100-034-5120-066	5,107	07/01/2018	06/30/2019				5,107	(3,042)				2,065		3,042	
Corrective Speech	18-100-034-5120-066	16,070	07/01/2017	06/30/2018	1,786					(1,786)						
Corrective Speech	19-100-034-5120-066	16,963	07/01/2018	06/30/2019				16,963	(10,225)				6,738		10,225	
Security	19-100-034-5120-044	23,400	07/01/2018	06/30/2019				23,400	(22,800)				600		22,800	
Security	18-100-034-5120-044	12,450	07/01/2017	06/30/2018	12,450					(12,450)						
Technology Initiative	19-100-034-5120-373	5,616	07/01/2018	06/30/2019				5,616	(5,597)				19		5,597	
Technology Initiative	18-100-034-5120-373	6,142	07/01/2017	06/30/2018	520					(520)						
Nursing Services	19-100-034-5120-070	15,132	07/01/2018	06/30/2019				15,132	(15,046)				86		15,046	
Nursing Services	18-100-034-5120-070	16,102	07/01/2017	06/30/2018	1,207					(1,207)						
Total Special Revenue Fund					26,537	-	-	138,377	(108,458)	(26,537)	-	-	29,919	-	108,458	
Debt Service Aid Type II	19-495-034-5120-017	24,545	07/01/2018	06/30/2019				24,545	(24,545)						24,545	
Capital Projects:																
SDA Grant	2290-010-14-1004	230,000	06/09/2014	06/30/2015	(40,797)						(40,797)					
SDA Grant	2290-035-14-1012	308,200	06/09/2014	06/30/2015	(51,141)						(51,141)					
SDA Grant	2290-060-14-1015	502,780	06/09/2014	06/30/2015	(79,705)						(79,705)					
SDA Grant	2290-032-14-1010	78,000	06/09/2014	06/30/2015	(78,000)						(78,000)					
SDA Grant	2290-035-14-1011	69,000	06/09/2014	06/30/2015	(7,070)						(7,070)					
SDA Grant	2290-032-14-1022	165,600	06/09/2014	06/30/2015	(165,600)						(165,600)					
SDA Grant	2290-032-14-1003	98,900	07/15/2015	06/30/2016	(98,900)						(98,900)					
SDA Grant	2290-025-14-1007	828,000	07/15/2015	06/30/2016	(828,000)						(828,000)					
Total Capital Projects					(1,349,213)	-	-	-	-	-	(1,349,213)	-	-	-	-	
Enterprise Fund																
National School Lunch Program	19-100-010-3350-023	17,334	07/01/2018	06/30/2019				15,813	(17,334)		(1,521)				17,334	
National School Lunch Program	18-100-010-3350-023	15,463	07/01/2017	06/30/2018	(1,587)			1,587								
Total Enterprise Fund					(1,587)	-	-	17,400	(17,334)	-	(1,521)	-	-	-	17,334	
Total State Financial Assistance					\$ (1,863,718)	-	-	47,035,001	(50,467,708)	(26,537)	(2,114,066)	-	29,919	(3,238,815)	50,467,708	
Less on Behalf TPAF Pension System Contributions									13,367,586							
Total for State Financial Assistance- Major Program Determination									\$ (37,100,122)							

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance.

BOARD OF EDUCATION

K-5

HOWELL TOWNSHIP SCHOOL DISTRICT**NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2019****NOTE 1: General**

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

NOTE 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$41,654 for the general fund and \$17,715 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>					
Actual Amounts (Budgetary)					
“Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 50,317,371	108,458	24,545	17,334	50,467,708
Difference – Budget to “GAAP”					
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized					
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	41,654				41,654
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes Fund Balances	<u>\$ 50,359,025</u>	<u>108,458</u>	<u>24,545</u>	<u>17,334</u>	<u>50,509,362</u>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>					
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of Federal Awards	\$ 92,962	2,077,665		607,278	2,777,905
Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	<u>17,715</u>	_____	_____	<u>17,715</u>
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 92,962</u>	<u>2,095,380</u>	<u>_____</u>	<u>607,278</u>	<u>2,795,620</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: Other

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

HOWELL TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Part 1 - Summary of Auditor's Results

Financial Statement Section

	<u>Unmodified</u>
(A) Type of auditor's report issued:	
(B) Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ Yes <u> x </u> No
2) Were reportable conditions(s) identified that were not considered to be material weaknesses?	_____ Yes <u> x </u> No
(C) Noncompliance material to general purpose financial statements noted?	_____ Yes <u> x </u> No

Federal Awards Section

(D) Dollar threshold used to determine Typed A programs:	<u>\$750,000</u>
(E) Auditee qualified as low-risk auditee?	<u> x </u> Yes _____ No
(F) Type of auditor's report on compliance for major programs:	<u>Unmodified</u>
(G) Internal control over compliance:	
1) Material weakness(es) identified?	_____ Yes <u> x </u> No
2) Were reportable condition(s) identified that were not considered to material weaknesses?	_____ Yes <u> x </u> No
(H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?	_____ Yes <u> x </u> No
(I) Identification of major programs:	

CFDA Number(s)

84.027
84.173

Name of Federal Program or Cluster

I.D.E.A. Part B (Special Education Cluster)
IDEA-Preschool (Special Education Cluster)

HOWELL TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Part 1 - Summary of Auditor's Results (Continued)

State Awards Section

(J) Dollar threshold used to determine Type A programs: \$1,113,004

(K) Auditee qualified as low-risk auditee? x Yes No

(L) Type of auditor's report on compliance for major programs: Unmodified

(M) Internal control over compliance:

(1) Material Weakness(es) identified? Yes x No

(2) Were reportable condition(s) identified that were not considered to material weaknesses? Yes x No

(N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 15-08? Yes x No

(O) Identification of major programs:

GMIS Number(s)

Name of State Program

19-495-034-5120-089

Special Education Aid (Public Cluster)

19-495-034-5120-078

Equalization Aid (Public Cluster)

19-495-034-5120-084

Security Aid (Public Cluster)

19-495-034-5120-014

Transportation Aid (Public Cluster)

19-495-034-5095-002

Reimbursed Social Security

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

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Part 2 - Schedule of Financial Statement Findings

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

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

HOWELL TOWNSHIP SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2019***Part 3 - Schedule of Federal and State Award Findings and Questioned Costs***

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

FEDERAL AWARDS

Finding: N/A

Federal program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

HOWELL TOWNSHIP SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Prior Audit Findings:

None