

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
STRATFORD BOROUGH SCHOOL DISTRICT
STRATFORD, NEW JERSEY**



YEAR ENDED JUNE 30, 2019

**PREPARED BY DISTRICT FINANCE OFFICER
SCHOOL BUSINESS ADMINISTRATOR/BOARD SECRETARY
DEBRA TRASATTI**

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INTRODUCTORY SECTION

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THOMAS F. ATTANASI
Superintendent of Schools
856-783-2555
Fax: 856-784-8486
attanasit@stratford.k12.nj.us



DEBRA R. TRASATTI
Business Administrator
856-784-2917
Fax: 856-784-8486
trasattid@stratford.k12.nj.us

111 WARWICK ROAD
STRATFORD, NEW JERSEY 08084

December 23, 2019

Honorable President and Members of the Board of Education
Borough of Stratford School District
Stratford, Camden County, New Jersey 08084

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Stratford School District for the fiscal year ended June 30, 2019. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections:

- Introductory Section containing this Letter of Transmittal, List of Principal Officials, and Organizational Chart.
- Financial Section containing the Independent Auditors' Report, the Management's Discussion and Analysis, the Basic Financial Statements and Notes.
- Statistical Section containing Economic and Demographic Information, Fiscal Trends.
- Single Audit Section in conformity with the provisions of the Single Audit Amendments of 1996 and the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditor's report on compliance for each major program and report on the internal control over compliance are included in the single audit section of this report.

SCHOOL DISTRICT ORGANIZATION

The Stratford School District is one of 643 school districts in the State of New Jersey and one of 39 school districts in Camden County. The School District provides education to students in grades PreK to 8, including tuition students in grades 7 and 8 from Laurel Springs and grades PreK to 8 from Hi-Nella. In addition, Stratford became a Choice district beginning with the 2011-12 school

year allowing a total of 26 students from other districts to attend both Parkview and Yellin in grades 1-8 during the 2018-19 year.

An elected nine-member Board of Education serves as the policy maker for the School District. In addition to the elected members, a member of the Laurel Springs Board of Education is appointed as representative and has full voting rights, where allowable by law. The Board adopts an annual budget and approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District money.

The Superintendent is the chief executive officer of the School District and is responsible to the Board for total education and support operations. The Business Administrator is the chief financial officer of the School District and is responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, and acting as custodian of all School District funds.

REPORTING ENTITY

Stratford School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Stratford Board of Education and its two schools constitute the District's reporting entity.

ECONOMIC CONDITION AND OUTLOOK

The Borough of Stratford is a suburban town of 1.6 square miles. Stratford was incorporated as a borough on March 2, 1925. The Borough of Stratford has always been an active, involved community. The Borough of Stratford is home to the Stratford Division of Kennedy Memorial Hospital and University of Dentistry and Medicine of New Jersey. Population census information indicates that the Borough of Stratford has experienced a 3.2% decrease in population based on 7,271 at the 2000 census and 7,040 at the 2010 census.

The Stratford School District provides a full range of educational services appropriate to grade levels PreK through 8. The District completed the 2018-19 year with an enrollment of 832 students, which is 36 students less than the previous school year.

The following details the changes in the student enrollment of the District over the last ten years.

| <u>Fiscal Year</u> | <u>Average Daily Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------------|-----------------------|
| 2007-08 | 835 | -0.83 |
| 2008-09 | 838 | +0.36 |
| 2009-10 | 827 | -0.14 |
| 2010-11 | 831 | +0.50 |
| 2011-12 | 782 | -3.49 |
| 2012-13 | 805 | +2.94 |
| 2013-14 | 847 | +5.22 |
| 2014-15 | 859 | +1.37 |
| 2015-16 | 834 | -2.92 |
| 2016-17 | 867 | +3.84 |
| 2017-18 | 832 | -4.03 |
| 2018-19 | 854 | +2.64 |

The forecast for student enrollment over the next five years appears to show a small decrease but mostly staying stable as students continue to transfer in and out. Choice enrollment has increased to 26 starting with the 2018-19 school year. The five-year phase-in of Hi-Nella students that began with the 2012-13 school year has annually averaged 100 students in grades PreK-8.

The School District continues to face difficult economic situations with its primary funding sources of property tax revenue (capped at 2%+any allowable increases by law) and state aid (small increase) as the expenditures necessary to provide the excellent education Stratford is known for continue to rise. The 2018-19 general fund budget saw a tax increase of 4.15% due to the district's use of banked cap as allowed by law. In addition, the district appropriated \$503,660 from fund balance to utilize in 2018-19. Tuition revenue increased due to enrollment number of students from Laurel Springs and Hi-Nella and prior year tuition adjustments. The executive county superintendent approved the budget as submitted. The election of board members took place at the general election in November and newly seated members took office in January. Full-day Kindergarten and hazardous transportation continue to be part of the annual budget as well as expenditures for technology. The School District continues to closely monitor the cost of operations and to look for new funding sources in order to maintain the quality educational services that the School District has been providing and that the students deserve.

EDUCATIONAL PROGRAM

District classrooms are primarily self-contained and the pupils are grouped heterogeneously. Basic Skills instruction in the areas of computation and communications are provided to eligible students. In addition, students are offered programs in art, music, computers, gifted and talented, physical education, reading, language arts, science, health, social studies, library science, and guidance. The District provides individual education plans for pupils who are learning disabled either in self-contained classrooms, in-class support, or resource rooms through various programs – preschool disabilities and preschool disabilities inclusion, autism, learning and/or language disabled and multiple disabilities.

In addition to the variety of instructional programs, other services are provided. Each school has a full time school nurse who provides a full spectrum of services as required by law. Two guidance counselors service the needs of students in both Parkview and Yellin Schools. The District also provides Child Study Team Services, a food service program and with hazardous bus transportation for eligible students.

MAJOR INITIATIVES

The Stratford School District will continue to provide a challenging academic environment during the 2019-20 school year to help deepen and enhance the learning process.

A. Honors Social Studies: This course is available to all 7th and 8th students who meet the criteria that has been designated by the Social Studies Teachers and Building Principal. This class incorporates more challenging reading and writing. The class pace is increased and more in-depth topics are covered and discussed. Public speaking is emphasized and students frequently present Projects using 21st Century Technology. Individualized Instruction is also a major component of this newly constructed class.

B. Google Classroom: Our math, language arts, science, and special education classrooms are all equipped with a full set of Chromebooks for every student allowing teachers to create and share documents via google classroom and these teachers are required to use this wonderful resource on a daily basis in Grades 3-8.

C. Differentiated Instruction: To help meet the diverse needs of students, teachers will be afforded professional development opportunities to enhance teaching practices as it relates to providing different students in the same classroom with different avenues to learning in terms of:

acquiring content; processing, constructing, or making sense of ideas; and developing teaching materials and assessment measures so that all students within the classroom can learn effectively, regardless of ability level.

D. ReadyGen Language Arts Series- This new series was fully implemented as of September 1, 2018 in Grades K-3. Teachers are visiting other districts that use this curriculum to learn how to best implement it.

E. Next Generation Science Standards- This new way of teaching Science has been fully implemented as of September 1, 2017 in Grades K-8. We have a consultant coming in to discuss how we are doing with the new implementation of the NGSS and to discuss various instructional strategies/best practices to enhance the learning process. One of our 8th grade teachers has joined the **State of New Jersey Task Force** for the New Science Assessment.

F. Cross Curricular Collaboration- The Digital Shop Teacher and Media Specialist are using technology and incorporating all content areas not only into their own lessons but giving the content area teachers creative ideas on how to effectively incorporate 21st Century Technology into their lessons in Grades 4-8.

G. Social Media: We have set up two social media accounts with Twitter and Instagram to showcase students and staff activities in Grades 4-8 on a daily basis as well as staff professional development on a daily basis.

H. Citizens of the Month: We are honoring 2 students per month in Grades K-8 who meet the following criteria; Positive Attitude, Positive Role Model, Responsible, and Honest. Our goal is to reward more students for having a positive and profound impact on our school on a daily basis.

I. Future Ready Schools of NJ Initiative: We have teachers and staff on the State of New Jersey Task Force Committees as it pertains to the Future Ready Schools Initiative. Our goal is to take the first of three extremely detailed steps as it relates to becoming a Future Ready School by September 2019.

FINANCIAL INFORMATION

Internal Accounting

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

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

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

Budgetary Controls

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length

budgets are approved for the capital improvements accounted for in the capital project 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 appropriation of fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance at fiscal year-end.

CASH MANAGEMENT

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

RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.

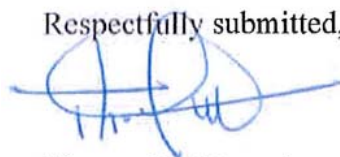
INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* The auditor's report on the basic financial statements and specific required supplemental 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.

ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Stratford 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. And finally, the preparation of this report could not have been accomplished without the efficient and dedicated services of the district office staff.

Respectfully submitted,



Thomas F. Attanasi
Superintendent



Debra R. Trasatti
Business Administrator/Board Secretary

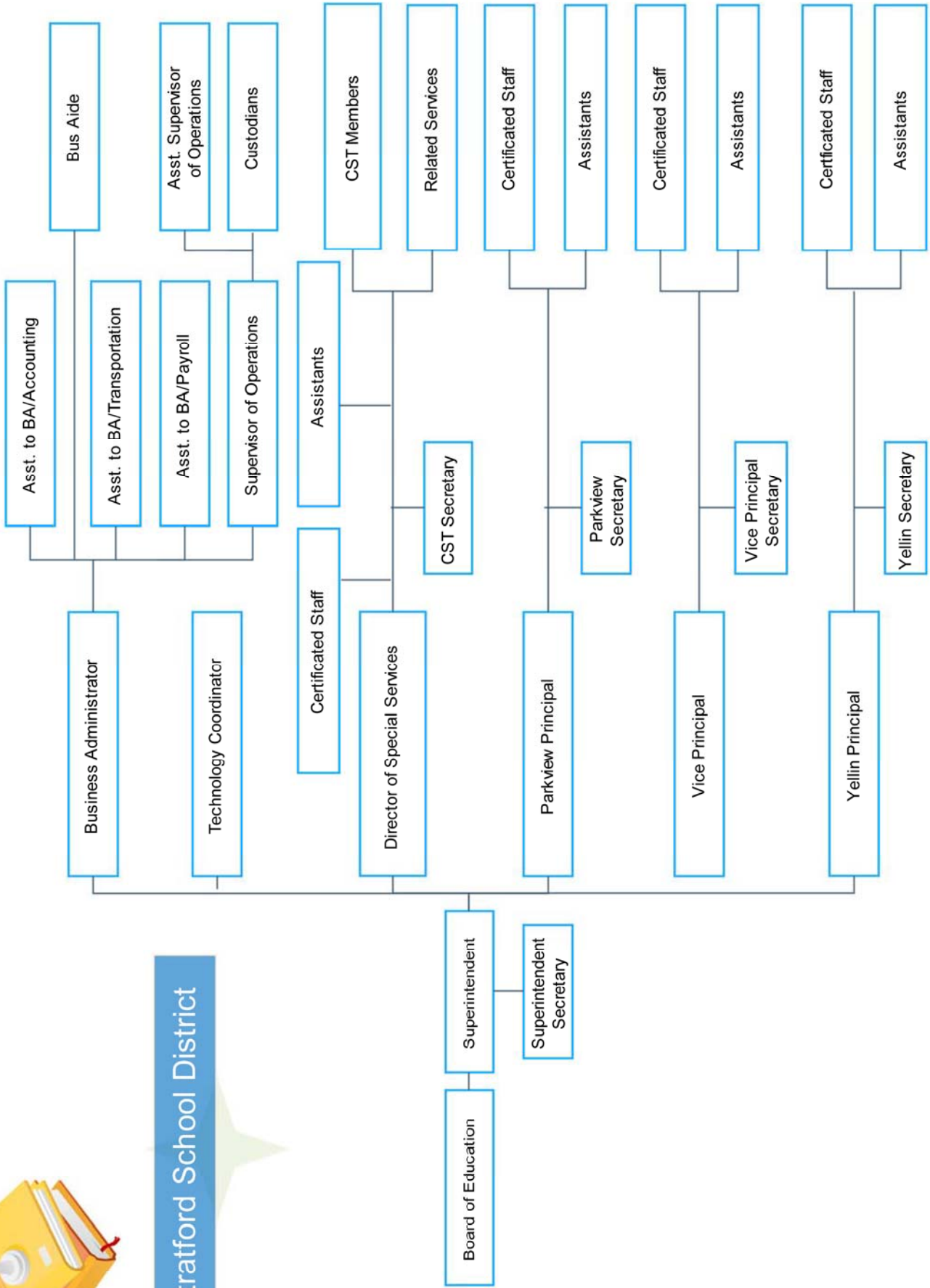
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INTRODUCTORY SECTION

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Stratford School District



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**STRATFORD BOROUGH SCHOOL DISTRICT
STRATFORD, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2019**

Members of the Board of Education

TERM EXPIRES

| | |
|-----------------------------|------|
| Michael Redfearn, President | 2020 |
| Dawn Martin, Vice President | 2019 |
| Sue Bove | 2019 |
| Mandy Conway | 2021 |
| Lori Jones | 2021 |
| Harry Moffett | 2021 |
| Nancy Scully | 2019 |
| Kim Sims | 2020 |
| Jeff Ziegler | 2020 |

Other Officials

Thomas F. Attanasi, Superintendent of Schools

Debra Trasatti, School Business Administrator/Board Secretary

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**STRATFORD BOROUGH SCHOOL DISTRICT
STRATFORD, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2019**

AUDITOR/AUDIT FIRM

Michael Holt, CPA, PSA
Holman Frenia Allison, P. C.
618 Stokes Road
Medford NJ, 08055

ATTORNEY

Wade, Long, Wood & Long, LLC
1250 Chews Landing Road, Suite 1
Laurel Springs, New Jersey 08021

OFFICIAL DEPOSITORY

TD Bank
White Horse Pike
Stratford, New Jersey 08084

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Borough of Stratford School District
County of Camden
Stratford, New Jersey 08084

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

We believe 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 Borough of Stratford School District, County of Camden, State of New Jersey, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Stratford School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing

procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
December 23, 2019

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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STRATFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

As management of the Stratford Borough School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

STRATFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains three individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund, the Food Service Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

STRATFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2019 compared to fiscal year 2018.

Table 1
Summary of Net Position

| | June 30, <u>2019</u> | June 30, <u>2018</u> | Increase/ <u>(Decrease)</u> | Percentage <u>Change</u> |
|---------------------------------|-------------------------|-------------------------|--------------------------------|-----------------------------|
| Current & Other Assets | \$ 2,066,598.68 | \$ 2,081,381.08 | \$ (14,782.40) | -0.7% |
| Capital Assets, Net | 9,407,453.29 | 9,749,017.64 | (341,564.35) | -3.5% |
| Total Assets | <u>11,474,051.97</u> | <u>11,830,398.72</u> | <u>(356,346.75)</u> | -3.0% |
| Deferred Outflow of Resources | <u>931,514.58</u> | <u>1,295,279.00</u> | <u>(363,764.42)</u> | -28.1% |
| Current and other Liabilities | 600,040.94 | 1,224,851.48 | (624,810.54) | -51.0% |
| Noncurrent Liabilities | <u>7,501,432.18</u> | <u>8,257,980.25</u> | <u>(756,548.07)</u> | -9.2% |
| Total Liabilities | <u>8,101,473.12</u> | <u>9,482,831.73</u> | <u>(1,381,358.61)</u> | -14.6% |
| Deferred Inflow of Resources | <u>1,509,829.00</u> | <u>1,231,575.00</u> | <u>278,254.00</u> | 22.6% |
| Net Position: | | | | |
| Net Investment in Capital Asset | 5,235,904.06 | 5,388,017.64 | (152,113.58) | -2.8% |
| Restricted | 1,550,571.42 | 1,347,871.80 | 202,699.62 | 15.0% |
| Unrestricted (Deficit) | <u>(3,992,211.05)</u> | <u>(4,324,618.45)</u> | <u>332,407.40</u> | -7.7% |
| Total Net Position | <u>\$ 2,794,264.43</u> | <u>\$ 2,411,270.99</u> | <u>\$ 382,993.44</u> | 15.9% |

STRATFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited) (Continued)

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

Table 2
Summary of Changes in Net Position

| | June 30, <u>2019</u> | June 30, <u>2018</u> | Increase/ <u>(Decrease)</u> | Percentage <u>Change</u> |
|--|-------------------------|-------------------------|--------------------------------|-----------------------------|
| Revenues: | | | | |
| Program Revenues: | | | | |
| Charges for Services | \$ 232,649.82 | \$ 231,160.91 | \$ 1,488.91 | 0.6% |
| Summer Camps | - | 22,006.00 | (22,006.00) | -100.0% |
| Operating Grants & Contributions | 5,012,849.57 | 4,758,267.38 | 254,582.19 | 5.4% |
| General Revenues: | | | | |
| Property Taxes | 7,512,077.00 | 7,145,432.00 | 366,645.00 | 5.1% |
| Federal & State Aid | 5,097,469.59 | 6,158,834.75 | (1,061,365.16) | -17.2% |
| Tuition | 1,743,044.87 | 1,927,655.22 | (184,610.35) | -9.6% |
| Other General Revenues | 244,143.92 | 276,190.26 | (32,046.34) | -11.6% |
| Total Revenues | <u>19,842,234.77</u> | <u>20,519,546.52</u> | <u>(677,311.75)</u> | -3.3% |
| Function/Program Expenditures: | | | | |
| Regular Instruction | 6,321,356.62 | 6,826,021.14 | (504,664.52) | -7.4% |
| Tuition | 743,954.03 | 1,084,400.93 | (340,446.90) | -31.4% |
| Student & Instruction Related Services | 1,832,363.00 | 1,693,462.84 | 138,900.16 | 8.2% |
| General Administrative | 1,121,915.71 | 1,215,305.97 | (93,390.26) | -7.7% |
| Plant Operations & Maintenance | 1,125,665.59 | 973,127.62 | 152,537.97 | 15.7% |
| Pupil Transportation | 573,198.39 | 539,731.61 | 33,466.78 | 6.2% |
| Unallocated Benefits | 6,579,874.11 | 7,637,439.13 | (1,057,565.02) | -13.8% |
| Special Schools | 47,755.00 | - | 47,755.00 | - |
| Interest & Other Charges | 247,517.06 | 169,985.84 | 77,531.22 | 45.6% |
| Unallocated Depreciation | 456,992.68 | 501,691.68 | (44,699.00) | -8.9% |
| Food Service | 408,649.14 | 407,440.20 | 1,208.94 | 0.3% |
| Summer Camps | - | 17,188.55 | (17,188.55) | -100.0% |
| Total Expenditures | <u>19,459,241.33</u> | <u>21,065,795.51</u> | <u>(1,606,554.18)</u> | -7.6% |
| Change In Net Position | 382,993.44 | (546,248.99) | 929,242.43 | -170.1% |
| Net Position - Beginning | <u>2,411,270.99</u> | <u>2,957,519.98</u> | <u>(546,248.99)</u> | -18.5% |
| Net Position - Ending | <u>\$ 2,794,264.43</u> | <u>\$ 2,411,270.99</u> | <u>\$ 382,993.44</u> | 15.9% |

Governmental Activities

During the fiscal year 2019, the net position of governmental activities increased by \$366,855.82 or 15.9%. The primary reason for the increase was due to the decrease in salaries and benefits, offset by the decrease in state aid.

STRATFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited) (Continued)

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$2,481,271.64, with an unrestricted deficit balance of \$(4,189,730.59). The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last 2 state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

| | |
|--|-------------------------------|
| Unrestricted Net Position (With GASB 68) | \$(4,189,730.59) |
| Add back: PERS Pension Liability | 3,198,722.00 |
| Less: Deferred Outflows related to pensions | (876,927.00) |
| Add back: Deferred Inflows related to pensions | <u>1,509,829.00</u> |
| Unrestricted Net Position (Without GASB 68) | <u><u>\$ (358,106.59)</u></u> |

Business-type Activities

During the fiscal year 2019, the net position of business-type activities increased by \$16,107.62 or 5.4%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$312,992.79

General Fund Budgeting Highlights

Final budgeted revenues were \$13,948,896.10, which were \$76,100.10 greater than the original budget. Excluding non-budgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$131,821.69.

Final budgeted appropriations were \$14,642,114.82, which was an increase of \$75,999.82 from the original budget. Excluding non-budgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$3,740,371.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$2,289,133.05 at June 30, 2019, an increase of \$611,672.21 from the prior year.

STRATFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited) (Continued)

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,838,024.45, an increase of \$594,543.21 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$594,543.21 to \$1,838,024.05 at June 30, 2019, compared to a decrease of \$404,335.85 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund were as follows:

- Normal increases in the tax levy received during 18/19

Special revenue fund – There was no change in the fund balance for the special revenue fund.

Debt service fund – There was no change in the fund balance for the debt service fund.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund increased by \$35,432.82 to \$312,992.79 at June 30, 2019, compared to a decrease of \$6,609.20 in fund balance in the prior fiscal year.

Enterprise Funds – The districts three enterprise funds related to summer programs were combined with the student activities fund for the 2018-2019 school year. A total of \$19,325.20 was transferred out of these funds and into the student activities fund.

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2019, totaled \$42,314,580 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net increase in the School District's investment in capital assets for the current fiscal year in the amount of \$310,098. This increase is primarily due to the revaluation of accumulated depreciation on capital assets. Table 4 shows fiscal 2019 balances compared to 2018.

Table 4
Summary of Capital Assets

| <u>Capital Assest (Net of Depreciatio</u> | <u>June 30,</u> <u>2019</u> | <u>June 30,</u> <u>2018</u> | <u>Increase/</u> <u>(Decrease)</u> | <u>Percentage</u> <u>Change</u> |
|---|--------------------------------|--------------------------------|---------------------------------------|------------------------------------|
| Land | \$ 2.00 | \$ 2.00 | \$ - | 0.0% |
| Land Improvements | \$ 22,287.98 | \$ 24,591.88 | \$ (2,303.90) | -9.4% |
| Building and Improvements | \$ 8,992,943.99 | \$ 9,372,508.20 | \$ (379,564.21) | -4.0% |
| Equipment | \$ 392,219.32 | \$ 351,915.56 | \$ 40,303.76 | 11.5% |
| | <u>\$ 9,407,453.29</u> | <u>\$ 9,749,017.64</u> | <u>\$ (341,564.35)</u> | <u>-3.5%</u> |

Net depreciation expense for the year was \$456,992.68. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

STRATFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited) (Continued)

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$3,715,000.00, which is a decrease of \$646,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Factors on the School District's Future

The following factors were considered and incorporated into the preparation of the School District's budget for the 2019-2020 school year.

- Stratford is not immune to the financial issues that continue to be one of the top national issues. This issue is seen in Stratford by in the consistent increase in the number of students eligible for free or reduced meals. The number of homes for sale and in foreclosure in Stratford have seen a small decline. The district has also noticed an increase in the number of families moving back with family members for financial reasons. The number of families who are homeless under the McKinney-Vento Act continues to be a very small number for the school district compared to other districts in Camden County.
- With election now taking place in November, there is no vote on the budget as long as the tax levy increase is at or under 2%, in addition to any used of Banked CAP, as allowed by law. As such, it was submitted to the ECS for approval.
- P.L. 2012, Chapter 78, which mandates that employees who receive benefits are required to pay a portion of the cost, will remain at Year 4 levels for the duration of the negotiated agreement with the Stratford Education Association that ends June 30, 2020. The payroll deduction is utilized the offset the district cost of the benefits. The district maintains health and prescription coverage with AmeriHealth and Benecard respectively, with premiums at a cost less than prior participation in the SEHBP offered by the state.
- The food service program fund balance remains stable due to the well run program through Nutri Serve Food Management. The number of students who qualify for free and reduced meals continues to increase. Breakfast programs offered at both Parkview and Yellin have seen an increase in participation.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Debra Trasatti, Business Administrator at the address below or visit our website at www.stratfordk12.org

Stratford Borough School District
111 Warwick Road
Stratford NJ, 08084
856-784-2917

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A. Government-Wide Financial Statements

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BASIC FINANCIAL STATEMENTS

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STRATFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
|--|------------------------------------|-------------------------------------|-----------------|
| ASSETS: | | | |
| Cash & Cash Equivalents | \$ 878,127.91 | \$ 164,498.37 | \$ 1,042,626.28 |
| Receivables, Net (Note 4) | 467,458.51 | 39,428.95 | 506,887.46 |
| Internal Balances | 2,275.77 | (2,275.77) | - |
| Inventory | - | 8,357.65 | 8,357.65 |
| Restricted Cash & Cash Equivalents | 508,727.29 | - | 508,727.29 |
| Capital Assets, Net (Note 5) | | | |
| Non-Depreciable | 2.00 | - | 2.00 |
| Depreciable | 9,291,978.04 | 115,473.25 | 9,407,451.29 |
| Total Assets | 11,148,569.52 | 325,482.45 | 11,474,051.97 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Related to Pensions (Note 8) | 876,927.00 | - | 876,927.00 |
| Related to Loss on Debt Refunding | 54,587.58 | - | 54,587.58 |
| Total Deferred Outflow of Resources | 931,514.58 | - | 931,514.58 |
| LIABILITIES: | | | |
| Accounts Payable | 7,595.20 | 10,256.21 | 17,851.41 |
| Due to Other Governments | 153,057.83 | - | 153,057.83 |
| Unearned Revenue | 6,957.00 | 2,233.45 | 9,190.45 |
| Accrued Interest | 34,250.00 | - | 34,250.00 |
| Accrued Salaries and Wages | - | - | - |
| Other Liabilities | - | - | - |
| Noncurrent Liabilities (Note 7): | | | |
| Due Within One Year | 385,691.25 | - | 385,691.25 |
| Due in More Than One Year | 7,501,432.18 | - | 7,501,432.18 |
| Total Liabilities | 8,088,983.46 | 12,489.66 | 8,101,473.12 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Related to Pensions (Note 8) | 1,509,829.00 | - | 1,509,829.00 |
| Total Deferred Inflow of Resources | 1,509,829.00 | - | 1,509,829.00 |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 5,120,430.81 | 115,473.25 | 5,235,904.06 |
| Restricted for: | | | |
| Capital Projects | 346,580.00 | - | 346,580.00 |
| Debt Service | 0.40 | - | 0.40 |
| Emergency Reserve | - | - | - |
| Maintenance Reserve | 162,147.29 | - | 162,147.29 |
| Tuition Reserve | - | - | - |
| Excess Surplus | 1,041,843.73 | - | 1,041,843.73 |
| Unrestricted (Deficit) | (4,189,730.59) | 197,519.54 | (3,992,211.05) |
| Total Net Position | \$ 2,481,271.64 | \$ 312,992.79 | \$ 2,794,264.43 |

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

STRATFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | | | |
|---|------------------|----------------------|----------------------------------|---|-------------------------|--------------------------|-------------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS & CONTRIBUTIONS | CAPITAL GRANTS & CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| Governmental Activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular Instruction | \$ 7,609,789.51 | \$ - | \$ 2,923,527.11 | \$ - | \$ (4,686,262.40) | \$ - | \$ (4,686,262.40) |
| Special Education Instruction | 2,995,339.91 | - | 899,457.31 | - | (2,095,882.60) | - | (2,095,882.60) |
| Other Instruction | 754,088.59 | - | 226,441.91 | - | (527,646.68) | - | (527,646.68) |
| Support Services: | | | | | | | |
| Tuition | 1,021,114.80 | - | 85,698.18 | - | (935,416.62) | - | (935,416.62) |
| Student & Instruction Related Services | 2,515,011.55 | - | 211,075.10 | - | (2,303,936.45) | - | (2,303,936.45) |
| General Administrative | 433,678.91 | - | 36,396.98 | - | (397,281.93) | - | (397,281.93) |
| School Administrative Services | 566,378.45 | - | 200,757.27 | - | (365,621.18) | - | (365,621.18) |
| Central Services | 355,453.72 | - | 29,831.84 | - | (325,621.87) | - | (325,621.87) |
| Administrative Info. Technology | 184,375.39 | - | 15,473.91 | - | (168,901.48) | - | (168,901.48) |
| Plant Operations & Maintenance | 1,533,345.32 | - | 126,054.67 | - | (1,407,290.65) | - | (1,407,290.65) |
| Pupil Transportation | 786,743.99 | - | 66,028.35 | - | (720,715.64) | - | (720,715.64) |
| Transfer to Charter Schools | 47,755.00 | - | - | - | (47,755.00) | - | (47,755.00) |
| Interest & Other Charges | 247,517.06 | - | - | - | (247,517.06) | - | (247,517.06) |
| Total Governmental Activities | 19,050,592.19 | - | 4,820,742.63 | - | (14,229,849.56) | - | (14,229,849.56) |
| Business-Type Activities: | | | | | | | |
| Food Service | 389,323.94 | 232,649.82 | 192,106.94 | - | - | 35,432.82 | 35,432.82 |
| Prime Time | 18,118.23 | - | - | - | - | (18,118.23) | (18,118.23) |
| Summer Enrichment | 1,187.87 | - | - | - | - | (1,187.87) | (1,187.87) |
| Early Childhood | 19.10 | - | - | - | - | (19.10) | (19.10) |
| Total Business-Type Activities | 408,649.14 | 232,649.82 | 192,106.94 | - | - | 16,107.62 | 16,107.62 |
| Total Primary Government | \$ 19,459,241.33 | \$ 232,649.82 | \$ 5,012,849.57 | \$ - | (14,229,849.56) | 16,107.62 | (14,213,741.94) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 7,066,887.00 | - | 7,066,887.00 |
| Property Taxes, Levied for Debt Service | | | | | 445,190.00 | - | 445,190.00 |
| Federal & State Aid Restricted | | | | | 55,751.59 | - | 55,751.59 |
| Federal & State Aid Not Restricted | | | | | 5,041,718.00 | - | 5,041,718.00 |
| Tuition Charges | | | | | 1,743,044.87 | - | 1,743,044.87 |
| Transportation Charges | | | | | 29,094.88 | - | 29,094.88 |
| Miscellaneous | | | | | 215,049.04 | - | 215,049.04 |
| Total General Revenues | | | | | 14,596,735.38 | - | 14,596,735.38 |
| Change In Net Position | | | | | 366,885.82 | 16,107.62 | 382,993.44 |
| Net Position - Beginning | | | | | 2,114,385.82 | 296,885.17 | 2,411,270.99 |
| Net Position - Ending | | | | | \$ 2,481,271.64 | \$ 312,992.79 | \$ 2,794,264.43 |

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

B. Fund Financial Statements

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Governmental Funds

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STRATFORD BOROUGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

| | MAJOR FUNDS | | | TOTAL GOVERNMENTAL FUNDS |
|--|------------------------|----------------------------|-------------------------|--------------------------------|
| | GENERAL FUND | SPECIAL REVENUE FUND | DEBT SERVICE FUND | |
| ASSETS | | | | |
| Cash & Cash Equivalents | \$ 1,014,628.97 | \$ - | \$ - | \$ 1,014,628.97 |
| Receivables, Net: | | | | |
| Tax Levy Receivable | - | - | 1.00 | 1.00 |
| Interfund Receivable | 79,693.04 | - | - | 79,693.04 |
| Due from Other Governments: | | | | |
| Federal | 9,070.49 | 216,148.07 | - | 225,218.56 |
| State | 234,394.31 | - | - | 234,394.31 |
| Restricted Cash & Cash Equivalents | 508,727.29 | - | - | 508,727.29 |
| Total Assets | <u>\$ 1,846,514.10</u> | <u>\$ 216,148.07</u> | <u>\$ 1.00</u> | <u>\$ 2,062,663.17</u> |
| LIABILITIES & FUND BALANCES | | | | |
| Liabilities: | | | | |
| Cash Deficit | \$ - | \$ 136,500.46 | \$ 0.60 | \$ 136,501.06 |
| Accounts Payable | 1,533.50 | 6,061.70 | - | 7,595.20 |
| Intergovernmental Payable: | | | | \$0 |
| State | - | 4,012.83 | - | 4,012.83 |
| Interfund Payable | - | 69,572.63 | - | 69,572.63 |
| Unearned Revenue | 6,956.55 | 0.45 | - | 6,957.00 |
| Total Liabilities | <u>8,490.05</u> | <u>216,148.07</u> | <u>0.60</u> | <u>224,638.72</u> |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Capital Reserve | 346,580.00 | - | - | 346,580.00 |
| Maintenance Reserve | 162,147.29 | - | - | 162,147.29 |
| Excess Surplus | 846,358.00 | - | - | 846,358.00 |
| Excess Surplus Designated for Subsequent Year | 195,485.73 | - | - | 195,485.73 |
| Debt Service | - | - | 0.40 | 0.40 |
| Assigned to: | | | | |
| Other Purposes | 305,907.97 | - | - | 305,907.97 |
| Unassigned | (18,454.94) | - | - | (18,454.94) |
| Total Fund Balances | <u>1,838,024.05</u> | <u>-</u> | <u>0.40</u> | <u>1,838,024.45</u> |
| Total Liabilities & Fund Balances | <u>\$ 1,846,514.10</u> | <u>\$ 216,148.07</u> | <u>\$ 1.00</u> | |

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

| | |
|---|------------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,969,019.62 and the accumulated depreciation is \$7,677,039.58. | 9,291,980.04 |
| Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds. | |
| Deferred Outflows Related to Pensions | 876,927.00 |
| Deferred Inflows Related to Pensions | (1,509,829.00) |
| Deferred Outflow Related to the Loss on Bond Refunding of Debt | 54,587.58 |
| Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds. | (34,250.00) |
| Accrued pension contributions for the June 30, 2019 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position. | (149,045.00) |
| Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. | <u>(7,887,123.43)</u> |
| Net Position of Governmental Activities | <u>\$ 2,481,271.64</u> |

STRATFORD BOROUGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019

| | MAJOR FUNDS | | | TOTAL GOVERNMENTAL FUNDS |
|--|------------------------|----------------------------|-------------------------|--------------------------------|
| | GENERAL FUND | SPECIAL REVENUE FUND | DEBT SERVICE FUND | |
| Revenues: | | | | |
| Local Sources: | | | | |
| Local Tax Levy | \$ 7,066,887.00 | \$ - | \$ 445,190.00 | \$ 7,512,077.00 |
| Tuition Charges | 1,743,044.87 | - | - | 1,743,044.87 |
| Transportation Charges | 29,094.88 | - | - | 29,094.88 |
| Miscellaneous | 215,049.04 | 6,563.00 | - | 221,612.04 |
| Total Local Sources | 9,054,075.79 | 6,563.00 | 445,190.00 | 9,505,828.79 |
| State Sources | 7,228,988.05 | 595,530.17 | - | 7,824,518.22 |
| Federal Sources | 32,206.00 | 245,299.00 | - | 277,505.00 |
| Total Revenues | 16,315,269.84 | 847,392.17 | 445,190.00 | 17,607,852.01 |
| Expenditures: | | | | |
| Instruction: | | | | |
| Regular Instruction | 3,596,398.33 | 638,417.24 | - | 4,234,815.57 |
| Special Education Instruction | 1,666,893.95 | - | - | 1,666,893.95 |
| Other Instruction | 419,647.10 | - | - | 419,647.10 |
| Support Services: | | | | |
| Tuition | 743,954.03 | - | - | 743,954.03 |
| Attendance & Social Work Services | 4,078.08 | - | - | 4,078.08 |
| Health Services | 189,154.46 | - | - | 189,154.46 |
| Student & Instruction Related Services | 1,485,907.12 | 153,223.34 | - | 1,639,130.46 |
| General Administrative | 315,965.62 | - | - | 315,965.62 |
| School Administrative Services | 412,646.58 | - | - | 412,646.58 |
| Central Services | 258,973.06 | - | - | 258,973.06 |
| Administrative Information Technology | 134,330.45 | - | - | 134,330.45 |
| Plant Operations & Maintenance | 1,094,292.59 | - | - | 1,094,292.59 |
| Pupil Transportation | 573,198.39 | - | - | 573,198.39 |
| Unallocated Benefits | 2,442,073.14 | - | - | 2,442,073.14 |
| On Behalf TPAF Pension and Social Security Contributions | 2,219,476.05 | - | - | 2,219,476.05 |
| Transfer to Charter Schools | 47,755.00 | - | - | 47,755.00 |
| Capital Outlay | 84,833.68 | 55,751.59 | - | 140,585.27 |
| Debt Service: | | | | |
| Principal | 3,042.00 | - | 280,000.00 | 283,042.00 |
| Interest & Other Charges | 28,107.00 | - | 263,285.50 | 291,392.50 |
| Total Expenditures | 15,720,726.63 | 847,392.17 | 543,285.50 | 17,111,404.30 |
| Excess/(Deficiency) of Revenues Over Expenditures | | | | |
| | 594,543.21 | - | (98,095.50) | 496,447.71 |
| Other Financing Sources (Uses): | | | | |
| Proceeds of Refunding Bonds | - | - | 3,934,585.35 | 3,934,585.35 |
| Deposit to Refunding Escrow | - | - | (3,836,489.85) | (3,836,489.85) |
| Total Other Financing Sources (Uses) | - | - | 98,095.50 | 98,095.50 |
| Net Changes in Fund Balances | 594,543.21 | - | - | 594,543.21 |
| Fund Balance, July 1 | 1,243,480.84 | - | 0.40 | 1,243,481.24 |
| Fund Balance, June 30 | \$ 1,838,024.05 | \$ - | \$ 0.40 | \$ 1,838,024.45 |

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

**STRATFORD BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

| | | |
|---|---------------------|----------------------|
| Total Net Changes in Fund Balances - Governmental Funds (B-2) | | \$ 594,543.21 |
| 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 depreciation exceeded capital outlays in the period. | | |
| Depreciation Expense | (456,992.68) | |
| Capital Outlays | <u>112,254.27</u> | (344,738.41) |
| Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. | | |
| | | 54,001.00 |
| Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. | | |
| | | 280,000.00 |
| Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets. | | |
| Proceeds of Long-Term Debt | (3,415,000.00) | |
| Bonds Refunding | <u>3,781,000.00</u> | 366,000.00 |
| Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows: | | |
| Amortization of Premium on Bonds | (511,136.81) | |
| Amortization of Loss on Bond Refunding | <u>54,587.58</u> | (456,549.23) |
| In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+). | | |
| | | 36,329.17 |
| In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). | | |
| | | <u>(162,699.92)</u> |
| Change in Net Position of Governmental Activities | | <u>\$ 366,885.82</u> |

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Proprietary Funds

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**STRATFORD BOROUGH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019**

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | |
|----------------------------------|--|----------------------|
| | FOOD SERVICE | TOTALS |
| ASSETS | | |
| Current Assets: | | |
| Cash & Cash Equivalents | \$ 164,498.37 | \$ 164,498.37 |
| Accounts Receivable: | | |
| Federal | 33,827.42 | 33,827.42 |
| State | 612.53 | 612.53 |
| Other Receivables | 4,989.00 | 4,989.00 |
| Inventories | 8,357.65 | 8,357.65 |
| | - | - |
| Total Current Assets | <u>212,284.97</u> | <u>212,284.97</u> |
| Noncurrent Assets: | | |
| Capital Assets | 278,531.40 | 278,531.40 |
| Less: Accumulated Depreciation | <u>(163,058.15)</u> | <u>(163,058.15)</u> |
| Total Capital Assets, Net | <u>115,473.25</u> | <u>115,473.25</u> |
| Total Noncurrent Assets | <u>115,473.25</u> | <u>115,473.25</u> |
| Total Assets | <u>327,758.22</u> | <u>327,758.22</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | 10,256.21 | 10,256.21 |
| Unearned Revenue | 2,233.45 | 2,233.45 |
| Interfund Payable | <u>2,275.77</u> | <u>2,275.77</u> |
| Total Current Liabilities | <u>14,765.43</u> | <u>14,765.43</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 115,473.25 | 115,473.25 |
| Unrestricted | <u>197,519.54</u> | <u>197,519.54</u> |
| Total Net Position | <u>\$ 312,992.79</u> | <u>\$ 312,992.79</u> |

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

STRATFORD BOROUGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2019

| | MAJOR FUNDS | | | | TOTALS |
|---|----------------------|----------------------|---------------------------|-------------------------|----------------------|
| | FOOD SERVICE | SUMMER DRAMA CAMP | SUMMER TECHNOLOGY CAMP | SUMMER MUSIC LESSONS | |
| Operating Revenues: | | | | | |
| Charges for Services: | | | | | |
| Daily Sales - Reimbursable Programs | \$ 59,188.76 | \$ - | \$ - | \$ - | \$ 59,188.76 |
| Daily Sales - Non-Reimbursable Programs | 36,075.34 | - | - | - | 36,075.34 |
| Special Functions | 1,860.09 | - | - | - | 1,860.09 |
| Miscellaneous | 135,525.63 | - | - | - | 135,525.63 |
| Total Operating Revenues | 232,649.82 | - | - | - | 232,649.82 |
| Operating Expenses: | | | | | |
| Cost of Sales - Reimbursable Programs | 165,439.47 | - | - | - | 165,439.47 |
| Cost of Sales - Non-Reimbursable Programs | - | - | - | - | - |
| Salaries | 144,225.34 | - | - | - | 144,225.34 |
| Supplies and Materials | 10,405.83 | - | - | - | 10,405.83 |
| Depreciation | 15,588.94 | - | - | - | 15,588.94 |
| Purchased Professional Services | 21,627.48 | - | - | - | 21,627.48 |
| Other | 32,036.88 | - | - | - | 32,036.88 |
| Total Operating Expenses | 389,323.94 | - | - | - | 389,323.94 |
| Operating Income/(Loss) | (156,674.12) | - | - | - | (156,674.12) |
| Nonoperating Revenues (Expenses): | | | | | |
| State Sources: | | | | | |
| State School Lunch Program | 3,252.92 | - | - | - | 3,252.92 |
| Federal Sources: | | | | | |
| National School Lunch Program | 141,277.00 | - | - | - | 141,277.00 |
| National School Breakfast Program | 30,879.08 | - | - | - | 30,879.08 |
| Food Distribution Program | 16,697.94 | - | - | - | 16,697.94 |
| Transfers Out | - | (18,118.23) | (1,187.87) | (19.10) | (19,325.20) |
| Total Nonoperating Revenues/(Expenses) | 192,106.94 | (18,118.23) | (1,187.87) | (19.10) | 172,781.74 |
| Change in Net Position | 35,432.82 | (18,118.23) | (1,187.87) | (19.10) | 16,107.62 |
| Total Net Position - Beginning | 277,559.97 | 18,118.23 | 1,187.87 | 19.10 | 296,885.17 |
| Total Net Position - Ending | \$ 312,992.79 | \$ - | \$ - | \$ - | \$ 312,992.79 |

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

**STRATFORD BOROUGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

| | MAJOR FUNDS | | | | |
|---|--|------------------------------|-----------------------------------|---------------------------------|------------------------|
| | BUSINESS-TYPE | | | | |
| | ACTIVITIES - ENTERPRISE FUNDS | | | | |
| | FOOD SERVICE | SUMMER DRAMA CAMP | SUMMER TECHNOLOGY CAMP | SUMMER MUSIC LESSONS | TOTALS |
| Cash Flows From Operating Activities: | | | | | |
| Receipts from Customers | \$ 206,210.12 | \$ (10,900.00) | \$ - | \$ (480.00) | \$ 194,830.12 |
| Payments to Employees | (144,225.34) | - | - | - | (144,225.34) |
| Payments to Suppliers | (203,321.38) | 11,467.90 | (25.00) | - | (191,878.48) |
| Net Cash Provided by/(Used for) Operating Activities | (141,336.60) | 567.90 | (25.00) | (480.00) | (141,273.70) |
| Cash Flows From Noncapital Financing Activities: | | | | | |
| State Sources | 3,252.92 | - | - | - | 3,252.92 |
| Federal Sources | 172,156.08 | - | - | - | 172,156.08 |
| Transfers to Other Funds | - | (18,118.23) | (1,187.87) | (19.10) | (19,325.20) |
| Net Cash Provided by/(Used for) Noncapital Financing Activities | 175,409.00 | (18,118.23) | (1,187.87) | (19.10) | 156,083.80 |
| Cash Flows From Capital & Related Financing Activities: | | | | | |
| Purchases of Capital Assets | (18,763.00) | - | - | - | (18,763.00) |
| Net Cash Provided by/(Used for) Capital & Related Financing Activities | (18,763.00) | - | - | - | (18,763.00) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 15,309.40 | (17,550.33) | (1,212.87) | (499.10) | (3,952.90) |
| Balances - Beginning of Year | 149,188.97 | 17,550.33 | 1,212.87 | 499.10 | 168,451.27 |
| Balances - End of Year | \$ 164,498.37 | \$ - | \$ - | \$ - | \$ 164,498.37 |
| Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities: | | | | | |
| Operating Income/(Loss) | \$ (156,674.12) | \$ - | \$ - | \$ - | \$ (156,674.12) |
| Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities: | | | | | |
| Depreciation | 15,588.94 | - | - | - | 15,588.94 |
| Food Distribution Program | 16,697.94 | - | - | - | 16,697.94 |
| (Increase)/Decrease in Accounts Receivable, Net | (28,673.15) | 25.00 | - | 160.00 | (28,488.15) |
| (Increase)/Decrease in Inventories | 285.24 | - | - | - | 285.24 |
| Increase/(Decrease) in Other Current Liabilities | - | - | - | - | - |
| Increase/(Decrease) in Unearned Revenue | 2,233.45 | (10,925.00) | - | (640.00) | (9,331.55) |
| Increase/(Decrease) in Interfund Payable | - | (1,331.10) | (25.00) | - | (1,356.10) |
| (Increase)/Decrease in Prepaid Expenses | - | 12,799.00 | - | - | 12,799.00 |
| Increase/(Decrease) in Accounts Payable | 9,205.10 | - | - | - | 9,205.10 |
| Total Adjustments | 15,337.52 | 567.90 | (25.00) | (480.00) | 15,400.42 |
| Net Cash Provided/(Used) by Operating Activities | \$ (141,336.60) | \$ 567.90 | \$ (25.00) | \$ (480.00) | \$ (141,273.70) |

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

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Fiduciary Fund

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**STRATFORD BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

| | UNEMPLOYMENT COMPENSATION TRUST | FLEXIBLE BENEFITS TRUST FUND | AGENCY FUNDS |
|--|--|---|-------------------------|
| ASSETS | | | |
| Cash & Cash Equivalents | \$ 42,228.28 | \$ 11,553.13 | \$ 170,854.87 |
| Interfund Receivable | - | - | - |
| Total Assets | <u>42,228.28</u> | <u>11,553.13</u> | <u>\$ 170,854.87</u> |
| LIABILITIES | | | |
| Accounts Payable | - | - | \$ - |
| Interfund Payable | - | 3,382.15 | 4,462.49 |
| Payable for Student Related Activities | - | - | 80,556.44 |
| Payroll Deductions & Withholdings | - | - | 85,835.94 |
| Total Liabilities | <u>-</u> | <u>3,382.15</u> | <u>\$ 170,854.87</u> |
| NET POSITION | | | |
| Restricted - Held in Trust for Unemployment Claims & Other Purposes | 42,228.28 | - | |
| Restricted - Flexible Benefit Claims | - | 8,170.98 | |
| Total Net Position | <u>\$ 42,228.28</u> | <u>\$ 8,170.98</u> | |

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

**STRATFORD BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2019**

| | UNEMPLOYMENT COMPENSATION TRUST | FLEXIBLE BENEFITS TRUST FUND |
|--------------------------|--|---|
| ADDITIONS | | |
| Contributions: | | |
| Plan Member | \$ 23,130.54 | \$ 20,886.00 |
| Total Additions | 23,130.54 | 20,886.00 |
| DEDUCTIONS | | |
| Unemployment Claims | 14,365.58 | - |
| Flexible Spending Claims | - | 21,648.70 |
| Total Deductions | 14,365.58 | 21,648.70 |
| Change in Net Position | 8,764.96 | (762.70) |
| Net Position - Beginning | 33,463.32 | 8,933.68 |
| Net Position - Ending | \$ 42,228.28 | \$ 8,170.98 |

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

STRATFORD BOROUGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 1. Summary of Significant Accounting Policies

The financial statements of the Board of Education of Borough of Stratford School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Borough of Stratford School District (hereafter referred to as the “District”) is a Type II district located in the County of Camden, 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. These terms are staggered so that three members’ terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 8 at its two schools. Students in grades 9 through 12 attend the Sterling High School District. In addition, the School District provides educational services for students received on a tuition basis in grades 7 and 8 from the Laurel Springs School District and in grades Pre-K through 8 from the Hi-Nella School District. Currently, the Laurel Springs School District has a representative who serves on the Stratford Board of Education. Board of Education representatives from the sending district are determined by the executive county superintendent based on enrollment totals. The District has an approximate enrollment at June 30, 2019 of 854 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, and GASB 80, Blending Requirements for certain component units – and Amendment of GASB Statement No. 14. The District had no component units as of or for the year ended June 30, 2019.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type

BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued):

Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued):

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

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

BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued):

reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund, Summer Camps, Little Pioneers, School Store and Internal Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued):

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

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The District currently has no activity in this fund.

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

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Flexible Spending– Revenues consist of employee contributions. Expenditures consist of distributions to employees for qualified claims..

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly,

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 1. Summary of Significant Accounting Policies (continued):

balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal 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 payments.

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 assigned 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.

BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued):

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

Cash and Cash Equivalents

Cash and Cash equivalents 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. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

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

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2019 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued):

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

| | |
|----------------------|---------------|
| Equipment & Vehicles | 3 – 20 Years |
| Buildings | 30 – 50 Years |
| Improvements | 10 – 50 Years |
| Software | 5 – 7 Years |

Compensated Absences

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid

BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued):

from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Accounting Estimates

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in 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. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- **Non-spendable** – This 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. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These 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) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2019.
- **Assigned** – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 1. Summary of Significant Accounting Policies (continued):

includes the remaining positive fund balance for all governmental funds except for the General Fund.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

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

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for 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 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.

Subsequent Event

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2019 and December 23, 2019, the date that the financial statements were available for issuance, for a possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2019:

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this

BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued):

Statement are effective for reporting periods beginning after June 15, 2018. This statement had no material impact on the School District's financial statements.

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. This statement had no material impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 84, Fiduciary Activities. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued):

Statement No. 91, Conduit Debt Obligations, The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2020. Management has not yet determined the potential impact on the School District's financial statements.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2019, the District’s bank balance of \$1,894,313.50 was exposed to custodial credit risk as follows:

| | |
|--------------------------------|------------------------|
| Insured under FDIC and GUDPA | \$ 1,666,836.14 |
| Uninsured and Uncollateralized | <u>227,477.36</u> |
| | <u>\$ 1,894,313.50</u> |

Investments

The School District has no investments at June 30, 2019.

Note 3. Reserve Accounts

A. Capital Reserve

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

Funds placed in the capital reserve account are restricted to capital projects in the School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School 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 *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**BOROUGH OF STRATFORD SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2019**

Note 3. Reserve Accounts (continued):

A. Capital Reserve Account (continued):

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 | \$ | 435,580.00 |
| Decreased by: | | |
| Included in Adopted Budget | | (89,000.00) |
| Ending Balance, June 30, 2019 | \$ | 346,580.00 |

The June 30, 2019 balance did not exceed the LRFP balance of local support costs of uncompleted capital projects.

B. Maintenance Reserve Account

The District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both

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

| | | |
|---|----|--------------|
| Beginning Balance, July 1, 2018 | \$ | 262,147.29 |
| Decreased by: | | |
| Budget Withdrawals (approved August 28, 2018) | | (100,000.00) |
| Ending Balance, June 30, 2019 | \$ | 162,147.29 |

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 4. Accounts Receivable

Accounts receivable at June 30, 2019 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

| <u>Description</u> | <u>Governmental Funds</u> | | | <u>Proprietary Funds</u> | |
|--------------------|---------------------------|-----------------------------|--------------------------------------|--------------------------|---------------------------------------|
| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Activities</u> | <u>Food Service Fund</u> | <u>Total Business-Type Activities</u> |
| Federal Awards | \$ 9,070.49 | \$ 216,148.07 | \$ 225,218.56 | \$ 33,827.42 | \$ 33,827.42 |
| State Awards | 234,394.31 | - | 234,394.31 | 612.53 | 612.53 |
| Other | 10,121.41 | - | 10,121.41 | 4,989.00 | 4,989.00 |
| Total | \$ 253,586.21 | \$ 216,148.07 | \$ 469,734.28 | \$ 39,428.95 | \$ 39,428.95 |

Note 5. Capital Assets

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

| | <u>Balance July 1, 2018</u> | <u>Additions</u> | <u>Retirements and Transfers</u> | <u>Balance June 30, 2019</u> |
|---|-----------------------------|------------------|----------------------------------|------------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 2.00 | \$ - | \$ - | \$ 2.00 |
| Total Capital Assets not being depreciated | 2.00 | - | - | 2.00 |
| Capital Assets being depreciated: | | | | |
| Land Improvements | 387,807.00 | - | - | 387,807.00 |
| Buildings and Improvements | 15,060,352.45 | - | - | 15,060,352.45 |
| Equipment | 1,408,603.90 | 112,254.27 | - | 1,520,858.17 |
| Total Capital Assets being depreciated | 16,856,763.35 | | | 16,969,017.62 |
| Less: Accumulated Depreciation: | | | | |
| Buildings and Improvements | (363,215.12) | (2,303.90) | - | (365,519.02) |
| Land Improvements | (5,687,844.25) | (379,564.21) | - | (6,067,408.46) |
| Equipment | (1,168,987.53) | (75,124.57) | - | (1,244,112.10) |
| Total Accumulated Depreciation | (7,220,046.90) | (456,992.68) | - | (7,677,039.58) |
| Total Capital Assets being depreciated, net | 9,636,716.45 | (456,992.68) | - | 9,291,978.04 |
| Total Governmental Activities Capital Assets, net | \$ 9,636,718.45 | \$ (456,992.68) | \$ - | \$ 9,291,980.04 |

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 5. Capital Assets (continued):

| | Balance July 1, <u>2018</u> | <u>Additions</u> | <u>Retirements and Transfers</u> | Balance June 30, <u>2019</u> |
|---|--|-------------------------|---|---|
| Business-Type Activities: | | | | |
| Equipment | \$ 259,768.40 | \$ 18,763.00 | \$ - | \$ 278,531.40 |
| | <u>259,768.40</u> | <u>18,763.00</u> | <u>-</u> | <u>278,531.40</u> |
| Less: Accumulated Depreciation: | | | | |
| Equipment | (147,469.21) | (15,588.94) | - | (163,058.15) |
| | <u>(147,469.21)</u> | <u>(15,588.94)</u> | <u>-</u> | <u>(163,058.15)</u> |
| Total Business-Type Activities Capital Assets, net | <u>\$ 112,299.19</u> | <u>\$ 3,174.06</u> | <u>\$ -</u> | <u>\$ 115,473.25</u> |

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2019 are as follows:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|------------------------|---|--------------------------------------|
| General Fund | \$ 79,693.04 | \$ - |
| Special Revenue Fund | - | 69,572.63 |
| Food Service Fund | - | 2,275.77 |
| Payroll Fund | - | 4,462.49 |
| Flexible Benefits Fund | - | 3,382.15 |
| | <u>\$ 79,693.04</u> | <u>\$ 79,693.04</u> |

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2019 the following changes occurred in long-term obligations:

| | Balance July 1, 2018 | Additions | Reductions | Balance June 30, 2019 | Balance Due Within One Year |
|---------------------------|-------------------------|------------------------|------------------------|--------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$ 4,361,000.00 | \$ 3,415,000.00 | \$ 4,061,000.00 | \$ 3,715,000.00 | \$ 335,000.00 |
| Unamortized Bond Premiums | - | 519,585.35 | 8,448.54 | 511,136.81 | 50,691.25 |
| Compensated Absences | 299,514.70 | 162,699.92 | - | 462,214.62 | - |
| Net Pension Liability | 3,936,828.00 | 2,067,052.00 | 2,805,108.00 | 3,198,772.00 | - |
| | <u>\$ 8,597,342.70</u> | <u>\$ 6,164,337.27</u> | <u>\$ 6,874,556.54</u> | <u>\$ 7,887,123.43</u> | <u>\$ 385,691.25</u> |

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

A. Bonds Payable:

Bonds and loans 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 School District are general obligation bonds and refunding bonds.

On August 1, 2009, the School District issued \$5,206,000 General Obligation Bonds. The purpose of the Bonds is to finance the construction of an addition as well as various improvements and renovations at the Yellin School and various improvements and renovations at the Parkview School and to acquire the necessary equipment and undertake any associated site work. The Bonds maturing prior to August 1, 2020 are not subject to optional redemption. The Bonds maturing on or after August 1, 2020 are redeemable at the option of the Board, in whole or in part, on any date on or after August 1, 2019. The Bonds were refunding during May of 2019 with a final maturity on August 1, 2020.

On May 5, 2019, the School District issued \$3,415,000 Refunding School Bonds. The purpose of the Bonds is to refund the callable portion of the outstanding 2009 Bond Issue. The Refunding Bonds generated \$366,000 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$292,365.76, or a net annual present value savings of 7.73%. The Refunding Bonds were issued at interest rates varying from 2.00% to 5.00% and mature on August 1, 2029.

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 7. Long-Term Obligations (continued):

Principal and Interest due on the outstanding bonds is as follows:

| Fiscal Year Ending <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------------|------------------------|------------------------|------------------------|
| 2020 | \$ 335,000.00 | \$ 118,375.00 | \$ 453,375.00 |
| 2021 | 275,000.00 | 150,425.00 | 425,425.00 |
| 2022 | 285,000.00 | 140,600.00 | 425,600.00 |
| 2023 | 300,000.00 | 128,900.00 | 428,900.00 |
| 2024 | 310,000.00 | 116,700.00 | 426,700.00 |
| 2025-2029 | 1,800,000.00 | 336,000.00 | 2,136,000.00 |
| 2030 | 410,000.00 | 10,250.00 | 420,250.00 |
| | <u>\$ 3,715,000.00</u> | <u>\$ 1,001,250.00</u> | <u>\$ 4,716,250.00</u> |

Bonds Authorized But Not Issued:

As of June 30, 2019, the District had no authorized but not issued bonds.

Note 8. Pension Plans

A. 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). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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 |

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (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 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2019, the School District reported a liability of \$3,198,772 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The School District's proportion measured as of June 30, 2018, was .01625%, which was a decrease of .00067% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized full accrual pension expense of \$107,594 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2018 measurement date. At June 30, 2019 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between Expected and Actual Experience | \$ 61,001 | \$ 16,494 |
| Changes of Assumptions | 527,105 | 1,022,797 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | 30,005 |
| Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions | 139,776 | 440,533 |
| School District Contributions Subsequent to Measurement Date | 149,045 | - |
| | \$ 876,927 | \$ 1,509,829 |

\$149,045 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2018-2019 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2020 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The 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 Dec 31, | Amount |
|--------------------------------|---------------------|
| 2019 | \$ 61,694 |
| 2020 | (113,723.00) |
| 2021 | (281,795.00) |
| 2022 | (225,583.00) |
| 2023 | (73,495.00) |
| | \$ (632,902) |

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--|---|--|
| Differences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | 5.48 | - |
| June 30, 2018 | 5.63 | - |
| Changes of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | - | 5.48 |
| June 30, 2018 | - | 5.63 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | 5.00 |
| June 30, 2015 | - | 5.00 |
| June 30, 2016 | 5.00 | - |
| June 30, 2017 | 5.00 | - |
| June 30, 2018 | 5.00 | - |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | 6.44 |
| June 30, 2015 | 5.72 | 5.72 |
| June 30, 2016 | 5.57 | 5.57 |
| June 30, 2017 | 5.48 | 5.48 |
| June 30, 2018 | 5.63 | 5.63 |

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions – 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 assumptions:

| | |
|--------------------------------|------------------------------|
| Inflation | 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% |
| Mortality Rate Table | RP-2000 |
| Period of Actuarial Experience | |
| Study upon which Actuarial | |
| Assumptions were Based | July 1, 2011 - June 30, 2014 |

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement 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 rate 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 the 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 scales. 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.

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

| <u>Asset Class</u> | <u>Target 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 Asset | 2.50% | 11.83% |
| Equity Related Real Estate | 6.25% | 9.23% |
| U.S. Equity | 30.00% | 8.19% |
| Non-U.S. Developed Markets Equity | 11.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.64% |
| Buyouts/Venture Capital | 8.25% | 13.08% |
| | <u>100.00%</u> | |

Discount Rate - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. The single blended discount rate was based on 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 municipals 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.

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2018, calculated using the discount rate of 5.66% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease <u>(4.66%)</u> | Current Discount Rate <u>(5.66%)</u> | 1% Increase <u>(6.66%)</u> |
|--|---|---|---|
| District's Proportionate Share of the Net Pension Liability | \$ 4,022,087 | \$ 3,198,772 | \$ 2,508,063 |

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2019 and 2018

Collective Balances at December 31, 2018 and December 31, 2017

| | <u>6/30/2019</u> | <u>6/29/2018</u> |
|--|------------------|------------------|
| Actuarial valuation date (including roll forward) | June 30, 2018 | June 30, 2017 |
| Deferred Outflows of Resources | \$ 4,684,852,302 | \$ 5,396,431,901 |
| Deferred Inflows of Resources | 7,646,736,226 | 4,672,602,040 |
| Net Pension Liability | 19,689,501,539 | 23,278,401,588 |
| District's portion of the Plan's total net pension Liability | 0.01625% | 0.01691% |

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' 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 contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

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 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years 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.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.5% in State fiscal year 2018. 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.

As mentioned previously, 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, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2018 was \$38,332,882. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2018, the State proportionate share of the TPAF net pension liability attributable to the School District was .06025%, which was an increase of .00460% from its proportion measured as of June 30, 2017.

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

For the fiscal year ended June 30, 2019, the School District recognized \$2,234,673 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2018 measurement date.

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

| | |
|---------------------------|---------------|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| 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 improvement on 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (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 Asset | 2.50% | 11.83% |
| Equity Related Real Estate | 6.25% | 9.23% |
| U.S. Equity | 30.00% | 8.19% |
| Non-U.S. Developed Markets Equity | 11.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.64% |
| Buyouts/Venture Capital | 8.25% | 13.08% |
| | <u>100.00%</u> | |

Discount Rate - The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. The single blended discount rate was based on 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 municipals 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 School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 4.86% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

| | 1% Decrease <u>(3.86%)</u> | Current Discount Rate <u>(4.86%)</u> | 1% Increase <u>(5.86%)</u> |
|---|---|---|---|
| District's Proportionate Share of the Net Pension Liability | \$ - | \$ - | \$ - |
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the District | <u>45,308,739</u> | <u>38,332,882</u> | <u>32,550,067</u> |
| | <u>\$ 45,308,739</u> | <u>\$ 38,332,882</u> | <u>\$ 32,550,067</u> |

Pension Plan Fiduciary Net Position - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

| | <u>6/30/2019</u> | <u>6/30/2018</u> |
|--|-------------------|-------------------|
| Deferred Outflows of Resources | \$ 12,675,037,111 | \$ 14,353,461,035 |
| Deferred Inflows of Resources | 16,381,811,884 | 11,992,821,439 |
| Net Pension Liability | 63,806,350,446 | 67,670,209,171 |
| District's portion of the Plan's total net pension Liability | 0.06025% | 0.05566% |

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

C. Defined Contribution Plan (DCRP) (continued)

- Employees enrolled in the Police and Firemen’s Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established “maximum compensation” limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2019, employee contributions totaled \$15,817 and the District recognized pension expense of \$9,367.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

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

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 9. Other Post-Retirement Benefits (continued):

years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey 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.

Total Nonemployer OPEB Liability

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

| | | | |
|-----------------------|------------------------------|--------------|--------------|
| Inflation Rate | 2.50% | | |
| | <u>TPAF/ABP</u> | <u>PERS</u> | <u>PFRS</u> |
| Salary Increases: | | | |
| Through | 1.55 - 4.55% | 2.15 - 4.15% | 2.10 - 8.98% |
| | based on years of service | based on age | based on age |
| Thereafter | 2.00 - 5.45% | 3.15 - 5.15% | 3.10 - 9.98% |
| | based on years of service | based on age | based on age |

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 9. Other Post-Retirement Benefits (continued):

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2018 was \$29,543,568. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2018, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2018, the State proportionate share of the OPEB Obligation attributable to the School District was 0.06407%, which was an increase of 0.00103% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$1,346,268 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

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

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB 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:

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 9. Other Post-Retirement Benefits (continued):

| | June 30, 2018 | | |
|--|---------------------------|-----------------------------|---------------------------|
| | At 1% Decrease (2.87%) | At Discount Rate (3.87%) | At 1% Increase (4.87%) |
| State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District | \$ 34,926,511.44 | \$ 29,543,568.00 | \$ 25,264,683.84 |
| State of New Jersey's Total Nonemployer OPEB Liability | \$54,512,391,175.00 | \$46,110,832,982.00 | \$39,432,461,816.00 |

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2018, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2018 | | |
|--|----------------------|--------------------------------|---------------------|
| | 1% Decrease | Healthcare Cost Trend Rate* | 1% Increase |
| State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District | \$ 24,419,479.63 | \$ 29,543,568.00 | \$ 36,320,371.03 |
| State of New Jersey's Total Nonemployer OPEB Liability | \$38,113,289,045.00 | \$46,110,832,982.00 | \$56,687,891,003.00 |

* See Healthcare Cost Trend Assumptions for details of rates.

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 9. Other Post-Retirement Benefits (continued):

Additional Information

Collective balances of the Local Group at June 30, 2018 are as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Change in Proportion | \$ 1,377,313,892.00 | \$(1,377,313,892.00) |
| Differences between Expected & Actual Experience | - | (4,476,086,167.00) |
| Change in Assumptions | - | (10,335,978,867.00) |
| Contributions Made in Fiscal Year Year Ending 2019 After June 30, 2018 Measurement Date ** | TBD | - |
| | \$ 1,377,313,892 | \$ (16,189,378,926) |

** Employer Contributions made after June 30, 2018 are reported as a deferred outflow of resources, but are not amortized in expense.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ending June 30, | |
|--------------------------------|------------------|
| 2019 | (1,825,218,593) |
| 2020 | (1,825,218,593) |
| 2021 | (1,825,218,593) |
| 2022 | (1,825,218,593) |
| 2023 | (1,825,218,593) |
| Thereafter | (5,685,972,069) |
| | (14,812,065,034) |

Plan Membership

At June 30, 2017, the Program membership consisted of the following:

At June 30, 2017, the Program membership consisted of the following:

| | June 30, 2017 |
|--|---------------|
| Active Plan Members | 217,131.00 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 145,050.00 |
| | 362,181.00 |

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 9. Other Post-Retirement Benefits (continued):

Total OPEB Liability

| | |
|---|--------------------------|
| Service Cost | \$ 1,984,642,729 |
| Interest Cost | 1,970,236,232 |
| Difference Between Expected & Actual Experience | (5,002,065,740) |
| Changes of Assumptions | (5,291,448,855) |
| Contributions: Member | 42,614,005 |
| Gross Benefit Payments | <u>(1,232,987,247)</u> |
| Net Change in Total OPEB Liability | (7,529,008,876) |
| Total OPEB Liability (Beginning) | <u>53,639,841,858</u> |
| Total OPEB Liability (Ending) | <u>\$ 46,110,832,982</u> |
| Total Covered Employee Payroll | \$ 13,640,275,833 |
| Net OPEB Liability as a Percentage of Payroll | 338% |

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2019, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$1,218,573, \$447,121, \$552,742 and \$1,040, respectively.

Note 11. Risk Management

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

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

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 11. Risk Management (continued):

| <u>Fiscal Year</u> | <u>School District Contributions</u> | <u>Employee Contributions</u> | <u>Interest Earnings</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|--------------------------------------|-------------------------------|--------------------------|--------------------------|-----------------------|
| 2018-2019 | \$ - | \$ 23,130.54 | \$ - | \$ 14,365.58 | \$ 42,228.28 |
| 2017-2018 | - | 11,875.79 | - | 6,102.98 | 33,463.32 |
| 2016-2017 | - | 13,152.98 | - | 16,666.21 | 27,690.51 |

Joint Insurance Fund – The School District is a member of the New Jersey School Boards Association Insurance Fund. The Fund provides its members with the following coverage:

- Property (Including Crime and Auto Physical Damage)
 - General Liability
 - Automobile Liability
 - Workers’ Compensation
 - School Board Legal Liability
 - Boiler and Machinery
 - Pollution/Environmental Legal Liability
 - Cyber Liability

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained from:

New Jersey Schools Insurance Group
450 Veterans Drive
Burlington, New Jersey 08016

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

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, could have an effect on the District’s programs and activities.

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 14. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

American Fund/Capital Guardian
Ameriprise Financial Services, Inc.
AXA Equitable Life Insurance Companies
ING – Reliastar Life Insurance Co.
Lincoln Investment Planning
MetLife
Siracusa Benefits Program
Vanguard Fiduciary Trust Co.

Note 15. Compensated Absences

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

District employees are granted varying amount of vacation and sick leave in accordance with the District's personnel policies. The District 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 Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2019 is \$462,214.62.

Note 16. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 16. Tax Abatements (continued):

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

Note 17. Operating Leases

The School District had operating lease agreements in effect for copy machines. Total lease payments made during the year ended June 30, 2019 amounted to \$70,335. Future minimum lease payments are as follows:

| Fiscal Year Ending <u>June 30,</u> | |
|---|---------------------|
| 2020 | \$ 26,575.70 |
| 2021 | <u>1,213.80</u> |
| Total Minimum Lease Payments | <u>\$ 27,789.50</u> |

Note 18. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. The excess fund balance at June 30, 2019 was \$846,358.00.

Note 19. Fund Balance

General Fund – Of the \$1,838,024.05 General Fund fund balance at June 30, 2019, \$305,907.97 has been reserved in the Capital Reserve Account; \$162,147.29 has been reserved in the Maintenance Reserve Account; \$846,358.00 is restricted for current year excess surplus; \$195,485.73 is restricted for excess surplus – designated for subsequent year’s expenditures; \$305,907.97 has been assigned for other purposes; and \$(18,454.94) is unassigned.

Debt Service Fund – Of the \$0.40 Debt Service Fund fund balance at June 30, 2019, \$0.40 is restricted for future debt service.

Note 20. Deficit in Net Position

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$(4,189,730.59) at June 30, 2019. The deficit is caused by the implementation of GASB 68 which requires the School District to report their proportionate share of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2019.

BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 21. Deficit Fund Balances

The School District has a deficit fund balance of \$(18,454.94) in the General Fund Fund as of June 30, 2019 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the fund statements (modified accrual basis) of \$18,454.94 is less than the last state aid payment.

Note 22. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2019 and December 23, 2019, the date the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items were noted for subsequent disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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STRATFORD BOROUGH SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2019

| ACCOUNT NUMBERS | JUNE 30, 2019 | | | | VARIANCE FINAL TO ACTUAL | |
|--|--------------------|----------------------|--------------------|----------------------|--------------------------------|---------------------|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | | |
| Revenues: | | | | | | |
| Local Sources: | | | | | | |
| Local Tax Levy | 10-1210 | \$ 6,990,886.00 | \$ 76,000.00 | \$ 7,066,886.00 | \$ 7,066,887.00 | \$ 1.00 |
| Tuition From Other LEAs Within State | 10-1320 | 1,725,928.00 | 0.10 | 1,725,928.10 | 1,743,044.87 | 17,116.77 |
| Transportation Fees From Other LEAs | 10-1420 | 29,095.00 | - | 29,095.00 | 29,094.88 | (0.12) |
| Unrestricted Miscellaneous Revenues | 10-1990 | 230,769.00 | - | 230,769.00 | 215,049.04 | (15,719.96) |
| Total Local Sources | | 8,976,678.00 | 76,000.10 | 9,052,678.10 | 9,054,075.79 | 1,397.69 |
| State Sources: | | | | | | |
| School Choice Aid | 10-3116 | 224,146.00 | - | 224,146.00 | 224,146.00 | - |
| Categorical Transportation Aid | 10-3121 | 202,610.00 | - | 202,610.00 | 202,610.00 | - |
| Extraordinary Aid | 10-3131 | 50,000.00 | - | 50,000.00 | 210,309.00 | 160,309.00 |
| Categorical Special Education Aid | 10-3132 | 437,575.00 | - | 437,575.00 | 437,575.00 | - |
| Equalization Aid | 10-3176 | 3,811,884.00 | - | 3,811,884.00 | 3,811,884.00 | - |
| Categorical Security Aid | 10-3177 | 137,797.00 | - | 137,797.00 | 137,797.00 | - |
| Other State Aids | 10-3190 | - | - | - | 2,320.00 | 2,320.00 |
| Nonbudgeted: | | | | | | |
| TPAF Pension (on-behalf) | | - | - | - | 1,218,573.00 | 1,218,573.00 |
| TPAF Social Security (reimbursed) | | - | - | - | 447,121.05 | 447,121.05 |
| TPAF Post Retirements | | - | - | - | 552,742.00 | 552,742.00 |
| TPAF Long-Term Disability Insurance (on behalf) | | - | - | - | 1,040.00 | 1,040.00 |
| Total State Sources | | 4,864,012.00 | - | 4,864,012.00 | 7,246,117.05 | 2,382,105.05 |
| Federal Sources: | | | | | | |
| Medicaid Reimbursement | 10-4200 | 32,206.00 | - | 32,206.00 | 32,206.00 | - |
| Total Federal Sources | | 32,206.00 | - | 32,206.00 | 32,206.00 | - |
| Total Revenues | | 13,872,896.00 | 76,000.10 | 13,948,896.10 | 16,332,398.84 | 2,383,502.74 |
| Current Expense: | | | | | | |
| Regular Programs - Instruction: | | | | | | |
| Kindergarten - Salaries of Teachers | 11-110-100-101 | 302,816.00 | 19,500.53 | 322,316.53 | 320,312.53 | 2,004.00 |
| Grades 1-5 - Salaries of Teachers | 11-120-100-101 | 1,762,307.00 | 4,023.59 | 1,766,330.59 | 1,762,525.13 | 3,805.46 |
| Grades 6-8 - Salaries of Teachers | 11-130-100-101 | 1,218,148.00 | 79,794.55 | 1,297,942.55 | 1,266,347.87 | 31,594.68 |
| Regular Programs - Home Instruction: | | | | | | |
| Salaries of Teachers | 11-150-100-101 | 10,000.00 | 4,130.20 | 14,130.20 | 14,059.20 | 71.00 |
| Purchased Professional - Educational Services | 11-150-100-320 | 40,100.00 | (4,944.50) | 35,155.50 | 19,947.00 | 15,208.50 |
| Regular Programs - Undistributed Instruction: | | | | | | |
| Purchased Professional - Educational Services | 11-190-100-320 | 2,500.00 | (275.78) | 2,224.22 | 786.80 | 1,437.42 |
| Other Purchased Services | 11-190-100-500 | 117,800.00 | 542.84 | 118,342.84 | 96,978.26 | 21,364.58 |
| General Supplies | 11-190-100-610 | 144,891.00 | 0.27 | 144,891.27 | 114,591.54 | 30,299.73 |
| Other Objects | 11-190-100-800 | 2,250.00 | - | 2,250.00 | 850.00 | 1,400.00 |
| Total Regular Programs - Instruction | | 3,600,812.00 | 102,771.70 | 3,703,583.70 | 3,596,398.33 | 107,185.37 |
| Special Education - Instruction: | | | | | | |
| Learning and/or Language Disabilities: | | | | | | |
| Salaries of Teachers | 11-204-100-101 | 740,773.00 | (35,105.37) | 705,667.63 | 705,667.63 | - |
| Other Salaries for Instruction | 11-204-100-106 | 144,600.00 | (94,138.56) | 50,461.44 | 50,219.99 | 241.45 |
| Purchased Professional - Educational Services | 11-204-100-320 | 11,000.00 | 267,974.04 | 278,974.04 | 185,141.40 | 93,832.64 |
| General Supplies | 11-204-100-610 | 7,677.00 | 120.14 | 7,797.14 | 4,361.70 | 3,435.44 |
| Total Learning and/or Language Disabilities | | 904,050.00 | 138,850.25 | 1,042,900.25 | 945,390.72 | 97,509.53 |
| Special Education - Instruction: | | | | | | |
| Multiple Disabilities: | | | | | | |
| Salaries of Teachers | 11-212-100-101 | 87,198.00 | 513.40 | 87,711.40 | 87,711.40 | - |
| Other Salaries for Instruction | 11-212-100-106 | 25,100.00 | 22,572.76 | 47,672.76 | 40,672.76 | 7,000.00 |
| Purchased Professional - Educational Services | 11-212-100-320 | 1,800.00 | (325.35) | 1,474.65 | - | 1,474.65 |
| General Supplies | 11-212-100-610 | 2,404.00 | 0.20 | 2,404.20 | 1,385.51 | 1,018.69 |
| Other Objects | 11-212-100-800 | 800.00 | - | 800.00 | 318.20 | 481.80 |
| Total Multiple Disabilities | | 117,302.00 | 22,761.01 | 140,063.01 | 130,087.87 | 9,975.14 |
| Special Education - Instruction: | | | | | | |
| Resource Room/Resource Center: | | | | | | |
| Salaries of Teachers | 11-213-100-101 | 293,789.00 | (42,801.00) | 250,988.00 | 250,482.40 | 505.60 |
| Other Salaries | 11-213-100-106 | 24,400.00 | 31,379.15 | 55,779.15 | 55,779.15 | - |
| Purchased Professional - Educational Services | 11-213-100-320 | 18,000.00 | (14,000.00) | 4,000.00 | 3,026.60 | 973.40 |
| General Supplies | 11-213-100-610 | 1,500.00 | (86.22) | 1,413.78 | 1,284.22 | 129.56 |
| Total Resource Room/Resource Center | | 337,689.00 | (25,508.07) | 312,180.93 | 310,572.37 | 1,608.56 |

STRATFORD BOROUGH SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2019

| | ACCOUNT NUMBERS | JUNE 30, 2019 | | | VARIANCE FINAL TO ACTUAL | |
|--|-----------------|--------------------|---------------------|-----------------|--------------------------------|------------|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | | ACTUAL |
| Special Education - Instruction: | | | | | | |
| Autism: | | | | | | |
| Salaries of Teachers | 11-214-100-101 | 77,773.00 | (819.20) | 76,953.80 | 76,953.80 | - |
| Other Salaries for Instruction | 11-214-100-106 | 19,775.00 | 15,095.09 | 34,870.09 | 34,870.09 | - |
| Purchased Professional - Educational Services | 11-214-100-320 | 23,000.00 | (2,757.40) | 20,242.60 | 18,140.28 | 2,102.32 |
| General Supplies | 11-214-100-610 | 3,117.00 | 22.34 | 3,139.34 | 2,749.65 | 389.69 |
| Other Objects | 11-214-100-800 | 500.00 | (51.77) | 448.23 | 183.00 | 265.23 |
| Total Autism | | 124,165.00 | 11,489.06 | 135,654.06 | 132,896.82 | 2,757.24 |
| Special Education - Instruction: | | | | | | |
| Preschool Disabilities - Part-Time: | | | | | | |
| Salaries of Teachers | 11-215-100-101 | 84,564.00 | 24,231.48 | 108,795.48 | 108,663.02 | 132.46 |
| Other Salaries for Instruction | 11-215-100-106 | 34,500.00 | 540.83 | 35,040.83 | 35,024.63 | 16.20 |
| Purchased Professional - Educational Services | 11-215-100-320 | 4,000.00 | 1,300.00 | 5,300.00 | 1,890.60 | 3,409.40 |
| General Supplies | 11-215-100-600 | 3,523.00 | 0.47 | 3,523.47 | 2,271.17 | 1,252.30 |
| Other Objects | 11-215-100-800 | 1,000.00 | - | 1,000.00 | 96.75 | 903.25 |
| Total Preschool Disabilities - Part-Time | | 127,587.00 | 26,072.78 | 153,659.78 | 147,946.17 | 5,713.61 |
| Total Special Education - Instruction | | 1,610,793.00 | 173,665.03 | 1,784,458.03 | 1,666,893.95 | 117,564.08 |
| Basic Skills/Remedial - Instruction: | | | | | | |
| Salaries of Teachers | 11-230-100-101 | 369,044.00 | (222,855.36) | 146,188.64 | 146,188.64 | - |
| Purchased Professional - Educational Services | 11-230-100-320 | 9,000.00 | (0.80) | 8,999.20 | 4,053.60 | 4,945.60 |
| General Supplies | 11-230-100-610 | 4,435.00 | 0.23 | 4,435.23 | 2,212.58 | 2,222.65 |
| Total Basic Skills/Remedial - Instruction | | 382,479.00 | (222,855.93) | 159,623.07 | 152,454.82 | 7,168.25 |
| Bilingual Education - Instruction: | | | | | | |
| Salaries of Teachers | 11-240-100-101 | 148,740.00 | 0.20 | 148,740.20 | 145,540.00 | 3,200.20 |
| Purchased Professional - Educational Services | 11-240-100-320 | 4,000.00 | (1.40) | 3,998.60 | 2,225.00 | 1,773.60 |
| General Supplies | 11-240-100-610 | 7,912.00 | (260.00) | 7,652.00 | 5,067.36 | 2,584.64 |
| Other Objects | 11-240-100-800 | - | 260.00 | 260.00 | 260.00 | - |
| Total Bilingual Education - Instruction | | 160,652.00 | (1.20) | 160,650.80 | 153,092.36 | 7,558.44 |
| School-Sponsored Cocurricular/Extra Curricular Activities - Instruction: | | | | | | |
| Salaries | 11-401-100-100 | 61,500.00 | 3,266.59 | 64,766.59 | 62,901.59 | 1,865.00 |
| Purchased Services | 11-401-100-500 | 400.00 | - | 400.00 | 385.00 | 15.00 |
| Supplies and Materials | 11-401-100-600 | 3,944.00 | - | 3,944.00 | 3,491.75 | 452.25 |
| Other Objects | 11-401-100-800 | 600.00 | - | 600.00 | 100.00 | 500.00 |
| Total School-Sponsored Cocurricular/Extra Curricular Activities - Instruction | | 66,444.00 | 3,266.59 | 69,710.59 | 66,878.34 | 2,832.25 |
| School-Sponsored Athletics - Instruction: | | | | | | |
| Salaries | 11-402-100-100 | 36,000.00 | - | 36,000.00 | 34,795.02 | 1,204.98 |
| Purchased Services | 11-402-100-500 | 12,700.00 | - | 12,700.00 | 9,394.13 | 3,305.87 |
| Supplies and Materials | 11-402-100-600 | 10,000.00 | - | 10,000.00 | 3,032.43 | 6,967.57 |
| Other Objects | 11-402-100-800 | 400.00 | - | 400.00 | - | 400.00 |
| Total School-Sponsored Athletics - Instruction | | 59,100.00 | - | 59,100.00 | 47,221.58 | 11,878.42 |
| Undistributed Expenditures - Instruction (Tuition): | | | | | | |
| Tuition to Other LEAs Within State - Regular | 11-000-100-561 | 15,000.00 | 35,429.68 | 50,429.68 | 44,279.55 | 6,150.13 |
| Tuition to Other LEAs Within State - Special | 11-000-100-562 | 20,000.00 | (16,067.30) | 3,932.70 | 3,932.70 | - |
| Tuition to County Special Services & Regular Day Schools | 11-000-100-565 | 460,410.00 | (11,343.78) | 449,066.22 | 419,735.04 | 29,331.18 |
| Tuition to Private School Disabled - Within State | 11-000-100-566 | 452,279.00 | (8,018.60) | 444,260.40 | 276,006.74 | 168,253.66 |
| Total Undistributed Expenditures - Instruction (Tuition) | | 947,689.00 | (0.00) | 947,689.00 | 743,954.03 | 203,734.97 |
| Undistributed Expenditures Attendance and Social Work: | | | | | | |
| Salaries | 11-000-211-100 | 42,741.00 | (32,123.90) | 10,617.10 | 4,078.08 | 6,539.02 |
| Total Undistributed Expenditures Attendance and Social Work | | 42,741.00 | (32,123.90) | 10,617.10 | 4,078.08 | 6,539.02 |
| Undistributed Expenditures - Health Services: | | | | | | |
| Salaries | 11-000-213-100 | 160,571.00 | 14,603.00 | 175,174.00 | 175,174.00 | - |
| Purchased Professional & Technical Services | 11-000-213-300 | 17,000.00 | (803.00) | 16,197.00 | 10,115.91 | 6,081.09 |
| Supplies and Materials | 11-000-213-600 | 3,536.00 | - | 3,536.00 | 3,496.17 | 39.83 |
| Other Objects | 11-000-213-800 | 500.00 | - | 500.00 | 368.38 | 131.62 |
| Total Undistributed Expenditures - Health Services | | 181,607.00 | 13,800.00 | 195,407.00 | 189,154.46 | 6,252.54 |

**STRATFORD BOROUGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019**

| ACCOUNT NUMBERS | JUNE 30, 2019 | | | | VARIANCE FINAL TO ACTUAL | |
|---|--------------------|---------------------|-----------------|------------|--------------------------------|------------|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | | |
| Undistributed Expenditures - | | | | | | |
| Speech, OT, PT and Related Services: | | | | | | |
| Salaries | 11-000-216-100 | 232,813.00 | 2,387.46 | 235,200.46 | 232,658.80 | 2,541.66 |
| Purchased Professional - Educational Services | 11-000-216-320 | 77,000.00 | (13,263.02) | 63,736.98 | 56,369.24 | 7,367.74 |
| Supplies and Materials | 11-000-216-600 | 1,908.00 | 607.29 | 2,515.29 | 2,362.91 | 152.38 |
| Other Objects | 11-000-216-800 | 600.00 | (600.00) | - | - | - |
| Total Undistributed Expenditures - | | | | | | |
| Speech, OT, PT and Related Services | | | | | | |
| | | 312,321.00 | (10,868.27) | 301,452.73 | 291,390.95 | 10,061.78 |
| Undistributed Expenditures - | | | | | | |
| Other Support Services - Extra Services: | | | | | | |
| Salaries | 11-000-217-100 | 112,000.00 | (58,389.50) | 53,610.50 | 53,610.50 | - |
| Purchased Professional - Educational Services | 11-000-217-320 | 395,000.00 | 10,036.85 | 405,036.85 | 296,264.27 | 108,772.58 |
| Supplies and Materials | 11-000-217-600 | 850.00 | 1,377.72 | 2,227.72 | 1,912.10 | 315.62 |
| Total Undistributed Expenditures - | | | | | | |
| Other Support Services - Extra Services | | | | | | |
| | | 507,850.00 | (46,974.93) | 460,875.07 | 351,786.87 | 109,088.20 |
| Undistributed Expenditures - Guidance: | | | | | | |
| Salaries of Other Professional Staff | 11-000-218-104 | 220,430.00 | (0.40) | 220,429.60 | 220,000.61 | 428.99 |
| Supplies and Materials | 11-000-218-600 | 983.00 | 508.55 | 1,491.55 | 1,467.17 | 24.38 |
| Total Undistributed Expenditures - Guidance | | | | | | |
| | | 221,413.00 | 508.15 | 221,921.15 | 221,467.78 | 453.37 |
| Undistributed Expenditures - Child Study Teams: | | | | | | |
| Salaries of Other Professional Staff | 11-000-219-104 | 263,552.00 | 12,498.53 | 276,050.53 | 271,650.31 | 4,400.22 |
| Salaries of Secretaries & Clerical Assistants | 11-000-219-105 | 55,338.00 | (4,750.56) | 50,587.44 | 50,587.44 | - |
| Other Salaries | 11-000-219-110 | 5,000.00 | 3,585.20 | 8,585.20 | 8,117.00 | 468.20 |
| Purchased Professional - Educational Services | 11-000-219-320 | 21,800.00 | 6,138.92 | 27,938.92 | 24,329.49 | 3,609.43 |
| Other Purchased Prof. and Tech. Services | 11-000-219-390 | 21,000.00 | (3,787.00) | 17,213.00 | 17,213.00 | - |
| Miscellaneous Purchased Services | 11-000-219-592 | 1,000.00 | 2,914.36 | 3,914.36 | 1,911.31 | 2,003.05 |
| Supplies and Materials | 11-000-219-600 | 8,788.00 | (2,269.73) | 6,518.27 | 5,446.35 | 1,071.92 |
| Other Objects | 11-000-219-800 | 250.00 | 550.00 | 800.00 | 800.00 | - |
| Total Undistributed Expenditures - Child Study Teams | | | | | | |
| | | 376,728.00 | 14,879.72 | 391,607.72 | 380,054.90 | 11,552.82 |
| Undistributed Expenditures - Improvement | | | | | | |
| of Instruction Services: | | | | | | |
| Salaries of Other Professional Staff | 11-000-221-104 | 15,000.00 | (11,953.00) | 3,047.00 | 3,047.00 | - |
| Other Salaries | 11-000-221-110 | 85,837.00 | 623.29 | 86,460.29 | 86,460.00 | 0.29 |
| Purchased Professional - Educational Services | 11-000-221-320 | 26,550.00 | (1,857.98) | 24,692.02 | 22,242.50 | 2,449.52 |
| Supplies and Materials | 11-000-221-600 | 1,500.00 | (1,500.00) | - | - | - |
| Other Objects | 11-000-221-800 | 200.00 | 5,000.00 | 5,200.00 | 200.00 | 5,000.00 |
| Total Undistributed Expenditures - Improvement | | | | | | |
| of Instruction Services | | | | | | |
| | | 129,087.00 | (9,687.69) | 119,399.31 | 111,949.50 | 7,449.81 |
| Undistributed Expenditures - | | | | | | |
| Educational Media Services/Library: | | | | | | |
| Salaries | 11-000-222-100 | 80,887.00 | 31,327.20 | 112,214.20 | 112,214.20 | - |
| Purchased Professional and Technical Services | 11-000-222-300 | 2,000.00 | 7,540.27 | 9,540.27 | 9,540.27 | - |
| Other Purchased Services | 11-000-222-500 | 1,000.00 | 208.66 | 1,208.66 | 1,208.66 | - |
| Supplies and Materials | 11-000-222-600 | 2,250.00 | (774.25) | 1,475.75 | 1,425.99 | 49.76 |
| Other Objects | 11-000-222-800 | 50.00 | (50.00) | - | - | - |
| Total Undistributed Expenditures - | | | | | | |
| Educational Media Services/Library | | | | | | |
| | | 86,187.00 | 38,251.88 | 124,438.88 | 124,389.12 | 49.76 |
| Undistributed Expenditures - | | | | | | |
| Instructional Staff Training Services: | | | | | | |
| Purchased Professional - Educational Services | 11-000-223-320 | - | 270.00 | 270.00 | 270.00 | - |
| Other Purchased Services | 11-000-223-500 | 10,000.00 | (4,053.00) | 5,947.00 | 4,329.00 | 1,618.00 |
| Supplies and Materials | 11-000-223-600 | 100.00 | 169.00 | 269.00 | 269.00 | - |
| Total Undistributed Expenditures - | | | | | | |
| Instructional Staff Training Services | | | | | | |
| | | 10,100.00 | (3,614.00) | 6,486.00 | 4,868.00 | 1,618.00 |
| Undistributed Expenditures - | | | | | | |
| Support Services - General Administration: | | | | | | |
| Salaries | 11-000-230-100 | 201,432.00 | (0.48) | 201,431.52 | 201,431.52 | - |
| Legal Services | 11-000-230-331 | 15,000.00 | - | 15,000.00 | 8,996.00 | 6,004.00 |
| Audit Fees | 11-000-230-332 | 30,000.00 | (3,500.00) | 26,500.00 | 26,500.00 | - |
| Other Purchased Professional Services | 11-000-230-339 | 6,950.00 | (1,565.00) | 5,385.00 | 5,385.00 | - |
| Communications/Telephone | 11-000-230-530 | 36,500.00 | (2,095.58) | 34,404.42 | 27,434.79 | 6,969.63 |
| Other Purchased Services | 11-000-230-590 | 35,650.00 | (3,272.74) | 32,377.26 | 32,335.38 | 41.88 |
| General Supplies | 11-000-230-610 | 5,489.00 | (1,518.47) | 3,970.53 | 3,095.12 | 875.41 |
| BOE In-House Training/Meeting Supplies | 11-000-230-630 | 250.00 | (250.00) | - | - | - |
| Miscellaneous Expenditures | 11-000-230-890 | 2,300.00 | 2,415.41 | 4,715.41 | 4,715.41 | - |
| BOE Membership Dues and Fees | 11-000-230-895 | 6,250.00 | (177.60) | 6,072.40 | 6,072.40 | - |
| Total Undistributed Expenditures - | | | | | | |
| Support Services - General Administration | | | | | | |
| | | 339,821.00 | (9,964.46) | 329,856.54 | 315,965.62 | 13,890.92 |

**STRATFORD BOROUGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019**

| ACCOUNT NUMBERS | JUNE 30, 2019 | | | | VARIANCE FINAL TO ACTUAL | |
|--|--------------------|---------------------|-----------------|------------|--------------------------------|------------|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | | |
| Undistributed Expenditures - | | | | | | |
| Support Services - School Administration: | | | | | | |
| Salaries of Principals/Assistant Principals | 11-000-240-103 | 220,722.00 | 0.24 | 220,722.24 | 220,722.24 | - |
| Salaries of Secretaries & Clerical Assistants | 11-000-240-105 | 180,915.00 | 779.76 | 181,694.76 | 181,694.76 | - |
| Other Purchased Services | 11-000-240-500 | 5,750.00 | (3,232.67) | 2,517.33 | 1,240.59 | 1,276.74 |
| Supplies and Materials | 11-000-240-600 | 4,500.00 | (93.56) | 4,406.44 | 3,233.99 | 1,172.45 |
| Other Objects | 11-000-240-800 | 2,550.00 | 3,205.00 | 5,755.00 | 5,755.00 | - |
| Total Undistributed Expenditures - | | | | | | |
| Support Services - School Administration | | 414,437.00 | 658.77 | 415,095.77 | 412,646.58 | 2,449.19 |
| Undistributed Expenditures - Central Services: | | | | | | |
| Salaries | 11-000-251-100 | 223,450.00 | 9,869.87 | 233,319.87 | 233,316.87 | 3.00 |
| Miscellaneous Purchased Services | 11-000-251-592 | 22,200.00 | (2,069.18) | 20,130.82 | 20,130.82 | - |
| Supplies and Materials | 11-000-251-600 | 7,500.00 | (4,013.18) | 3,486.82 | 3,385.97 | 100.85 |
| Miscellaneous Expenditures | 11-000-251-890 | 2,715.00 | (575.60) | 2,139.40 | 2,139.40 | - |
| Total Undistributed Expenditures - Central Services | | | | | | |
| | | 255,865.00 | 3,211.91 | 259,076.91 | 258,973.06 | 103.85 |
| Undistributed Expenditures - | | | | | | |
| Administrative Information Technology: | | | | | | |
| Salaries | 11-000-252-100 | 83,155.00 | 9,312.20 | 92,467.20 | 92,467.20 | - |
| Purchased Technical Services | 11-000-252-340 | 23,000.00 | 16,786.00 | 39,786.00 | 39,786.00 | - |
| Supplies and Materials | 11-000-252-600 | 5,000.00 | (2,898.37) | 2,101.63 | 2,077.25 | 24.38 |
| Total Undistributed Expenditures - | | | | | | |
| Administrative Information Technology | | 111,155.00 | 23,199.83 | 134,354.83 | 134,330.45 | 24.38 |
| Undistributed Expenditures - | | | | | | |
| Required Maintenance for School Facilities: | | | | | | |
| Salaries | 11-000-261-100 | 96,851.00 | 0.28 | 96,851.28 | 96,851.28 | - |
| Cleaning, Repair & Maintenance Services | 11-000-261-420 | 150,200.00 | (6,966.41) | 143,233.59 | 91,310.00 | 51,923.59 |
| General Supplies | 11-000-261-610 | 13,700.00 | 2,382.41 | 16,082.41 | 14,224.98 | 1,857.43 |
| Total Undistributed Expenditures - | | | | | | |
| Required Maintenance for School Facilities | | 260,751.00 | (4,583.72) | 256,167.28 | 202,386.26 | 53,781.02 |
| Undistributed Expenditures - Custodial Services: | | | | | | |
| Salaries | 11-000-262-100 | 442,585.00 | 928.64 | 443,513.64 | 413,787.59 | 29,726.05 |
| Purchased Professional and Technical Services | 11-000-262-300 | 5,600.00 | (635.47) | 4,964.53 | 4,839.00 | 125.53 |
| Cleaning, Repair & Maintenance Services | 11-000-262-420 | 54,360.00 | (445.84) | 53,914.16 | 22,496.15 | 31,418.01 |
| Other Purchased Property Services | 11-000-262-490 | 34,500.00 | 208.28 | 34,708.28 | 34,708.28 | - |
| Insurance | 11-000-262-520 | 70,500.00 | - | 70,500.00 | 59,925.69 | 10,574.31 |
| Miscellaneous Purchased Services | 11-000-262-590 | 1,500.00 | - | 1,500.00 | 428.00 | 1,072.00 |
| General Supplies | 11-000-262-610 | 75,000.00 | (770.00) | 74,230.00 | 47,744.74 | 26,485.26 |
| Energy (Natural Gas) | 11-000-262-621 | 30,000.00 | - | 30,000.00 | 22,663.25 | 7,336.75 |
| Energy (Electricity) | 11-000-262-622 | 185,000.00 | - | 185,000.00 | 172,279.99 | 12,720.01 |
| Energy (Gasoline) | 11-000-262-626 | 2,000.00 | - | 2,000.00 | 1,273.35 | 726.65 |
| Other Objects | 11-000-262-800 | 500.00 | 1,195.00 | 1,695.00 | 1,295.00 | 400.00 |
| Total Undistributed Expenditures - Custodial Services | | | | | | |
| | | 901,545.00 | 480.61 | 902,025.61 | 781,441.04 | 120,584.57 |
| Undistributed Expenditures - | | | | | | |
| Security: | | | | | | |
| Salaries | 11-000-266-100 | 80,000.00 | - | 80,000.00 | 76,111.99 | 3,888.01 |
| Purchased Professional and Technical Services | 11-000-266-300 | - | 56,000.00 | 56,000.00 | 34,353.30 | 21,646.70 |
| Total Security | | | | | | |
| | | 80,000.00 | 56,000.00 | 136,000.00 | 110,465.29 | 25,534.71 |
| Undistributed Expenditures - | | | | | | |
| Student Transportation Services: | | | | | | |
| Sal for Pupil Trans (Bet Home & Sch)- Sp Ed | 11-000-270-161 | 56,256.00 | 6,986.53 | 63,242.53 | 63,169.13 | 73.40 |
| Sal for Pupil Trans (Other than Bet. Home & Sch) | 11-000-270-162 | 1,500.00 | (1,500.00) | - | - | - |
| Cleaning, Repair and Maintenance Services | 11-000-270-420 | 10,000.00 | 715.70 | 10,715.70 | 10,112.19 | 603.51 |
| Rental Parments - School Buses | 11-000-270-442 | 2,000.00 | (2,000.00) | - | - | - |
| Contract Services - Aid in Lieu Payments - Non Public Schools | 11-000-270-503 | 7,500.00 | (6,500.00) | 1,000.00 | 279.20 | 720.80 |
| Contract Serv. - Aid in Lieu Pymts-Charter Sch | 11-000-270-504 | 3,000.00 | (2,500.00) | 500.00 | - | 500.00 |
| Contract Serv. - Aid in Lieu Pymts-Choice Sch | 11-000-270-505 | 1,000.00 | 12,125.00 | 13,125.00 | 13,125.00 | - |
| Contract Services (Between Home & School) - Vendors | 11-000-270-511 | 233,000.00 | (40,825.00) | 192,175.00 | 191,186.40 | 988.60 |
| Contract Services (Other Than Between Home & School) - Vendors | 11-000-270-512 | 17,500.00 | 1,000.00 | 18,500.00 | 10,644.00 | 7,856.00 |
| Contract Serv.(Sp Ed Stds)-Joint Agrmnts | 11-000-270-515 | 5,000.00 | (3,300.00) | 1,700.00 | 1,657.41 | 42.59 |
| Contract Services (Special Education) - ESCs & CTSAs | 11-000-270-518 | 220,000.00 | 50,000.00 | 270,000.00 | 268,763.40 | 1,236.60 |
| Miscellaneous Purchased Services - Transportation | 11-000-270-593 | 250.00 | 11,981.50 | 12,231.50 | 10,071.50 | 2,160.00 |
| General Supplies | 11-000-270-610 | 4,500.00 | (85.00) | 4,415.00 | 4,105.16 | 309.84 |
| Miscellaneous Expenditures | 11-000-270-800 | - | 85.00 | 85.00 | 85.00 | - |
| Total Undistributed Expenditures - | | | | | | |
| Student Transportation Services | | 561,506.00 | 26,183.73 | 587,689.73 | 573,198.39 | 14,491.34 |

**STRATFORD BOROUGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019**

| | ACCOUNT NUMBERS | JUNE 30, 2019 | | | VARIANCE FINAL TO ACTUAL | |
|--|-----------------|----------------------|---------------------|----------------------|--------------------------------|------------------------|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | | ACTUAL |
| Unallocated Benefits: | | | | | | |
| Social Security Contributions | 11-000-291-220 | 160,000.00 | (2,424.00) | 157,576.00 | 143,092.67 | 14,483.33 |
| Other Retirement Contributions - PERS | 11-000-291-241 | 160,000.00 | 2,424.00 | 162,424.00 | 162,242.00 | 182.00 |
| Pension Contributions | 11-000-291-249 | 16,000.00 | - | 16,000.00 | 11,678.52 | 4,321.48 |
| Workmen's Compensation | 11-000-291-260 | 120,000.00 | - | 120,000.00 | 111,951.05 | 8,048.95 |
| Health Benefits | 11-000-291-270 | 2,095,945.00 | (40,204.00) | 2,055,741.00 | 1,836,759.09 | 218,981.91 |
| Tuition Reimbursement | 11-000-291-280 | 36,000.00 | 221.00 | 36,221.00 | 16,270.00 | 19,951.00 |
| Other Employee Benefits | 11-000-291-290 | 162,700.00 | (2,551.75) | 160,148.25 | 133,749.06 | 26,399.19 |
| Unused Sick Payment to Staff | 11-100-100-299 | 24,000.00 | 2,330.75 | 26,330.75 | 26,330.75 | - |
| Total Unallocated Benefits | | 2,774,645.00 | (40,204.00) | 2,734,441.00 | 2,442,073.14 | 292,367.86 |
| Nonbudgeted: | | | | | | |
| TPAF Pension (on-behalf) | | - | - | - | 1,218,573.00 | (1,218,573.00) |
| TPAF Social Security (reimbursed) | | - | - | - | 447,121.05 | (447,121.05) |
| TPAF Post Retirements | | - | - | - | 552,742.00 | (552,742.00) |
| TPAF Long-Term Disability Insurance (on behalf) | | - | - | - | 1,040.00 | (1,040.00) |
| Total Undistributed Expenditures | | 8,515,448.00 | 19,153.63 | 8,534,601.63 | 9,874,049.57 | (1,339,447.94) |
| Total Expenditures - Current Expense | | 14,395,728.00 | 75,999.82 | 14,471,727.82 | 15,556,988.95 | (1,085,261.13) |
| Capital Outlay: | | | | | | |
| Facilities Acquisition & Construction Services: | | | | | | |
| Construction Services | 12-000-400-450 | 89,000.00 | (3,042.00) | 85,958.00 | 84,833.68 | 1,124.32 |
| Lease Purchase Agreements - Principal | 12-000-400-721 | - | 3,042.00 | 3,042.00 | 3,042.00 | - |
| Assessment for Debt Service on SDA Funding | 12-000-400-896 | 28,107.00 | - | 28,107.00 | 28,107.00 | - |
| Total Facilities Acquisition & Construction Services | | 117,107.00 | - | 117,107.00 | 115,982.68 | 1,124.32 |
| Total Capital Outlay | | 117,107.00 | - | 117,107.00 | 115,982.68 | 1,124.32 |
| Transfer of Funds to Charter Schools | | 53,310.00 | - | 53,310.00 | 47,755.00 | (5,555.00) |
| Total Expenditures | | 14,566,145.00 | 75,999.82 | 14,642,144.82 | 15,720,726.63 | (1,084,136.81) |
| Excess/(Deficiency) of Revenues Over/ (Under) Expenditures | | (693,249.00) | 0.28 | (693,248.72) | 611,672.21 | 1,299,365.93 |
| Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses) | | (693,249.00) | 0.28 | (693,248.72) | 611,672.21 | 1,299,365.93 |
| Fund Balances, July 1 | | 1,677,460.84 | - | 1,677,460.84 | 1,677,460.84 | - |
| Fund Balances, June 30 | | \$ 984,211.84 | \$ 0.28 | \$ 984,212.12 | \$ 2,289,133.05 | \$ 1,299,365.93 |

RECAPITULATION OF FUND BALANCE

| | | |
|--|--|------------------------|
| Restricted Fund Balance: | | |
| Capital Reserve | | \$ 346,580.00 |
| Maintenance Reserve | | 162,147.29 |
| Excess Surplus | | 846,358.00 |
| Excess Surplus Designated for Subsequent Year's Expenditures | | 195,485.73 |
| Assigned Fund Balance: | | |
| Year-End Encumbrances | | 305,907.97 |
| Unassigned Fund Balance | | <u>432,654.06</u> |
| Subtotal | | 2,289,133.05 |
| Reconciliation to Governmental Funds Statements (GAAP): | | |
| Last State Aid Payments Not Recognized on GAAP Basis | | <u>(451,109.00)</u> |
| Fund Balance per Governmental Funds (GAAP) | | <u>\$ 1,838,024.05</u> |

STRATFORD BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019

| | JUNE 30, 2019 | | | VARIANCE FINAL TO ACTUAL (OVER)/ UNDER |
|---|--------------------|---------------------|-----------------|--|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Revenues: | | | | |
| Local Sources | \$ 6,562.00 | \$ 1.00 | \$ 6,563.00 | \$ - |
| State Sources | 461,082.00 | 139,721.00 | 600,803.00 | 595,530.17 |
| Federal Sources | 365,934.00 | 124,823.00 | 490,757.00 | 417,585.97 |
| Total Revenues | 833,578.00 | 264,545.00 | 1,098,123.00 | 1,019,679.14 |
| Expenditures: | | | | |
| Instruction: | | | | |
| Salaries of Teachers | 347,947.00 | (267,634.00) | 80,313.00 | 80,312.80 |
| Other Salaries for Instruction | 9,986.00 | (9,986.00) | - | - |
| Purchased Professional - Educational Services | 423,184.00 | 102,551.00 | 525,735.00 | 516,317.17 |
| Other Purchased Services (400-500 Series) | - | 166,316.00 | 166,316.00 | 165,966.00 |
| General Supplies | 10,182.00 | 46,188.00 | 56,370.00 | 29,607.01 |
| Textbooks | 15,076.00 | 3,027.00 | 18,103.00 | 17,988.23 |
| Other Objects | - | 1,600.00 | 1,600.00 | 513.00 |
| Total Instruction | 806,375.00 | 42,062.00 | 848,437.00 | 810,704.21 |
| Support Services: | | | | |
| Personal Services - Employee Benefits | - | 20,974.00 | 20,974.00 | 20,974.00 |
| Purchased Educational Services | - | 145,469.00 | 145,469.00 | 124,089.39 |
| Other Purchased Services (400-500 Series) | - | 22,830.00 | 22,830.00 | 8,159.95 |
| Total Support Services | - | 189,273.00 | 189,273.00 | 153,223.34 |
| Facilities Acquisition & Construction Services: | | | | |
| Noninstructional Equipment | 27,203.00 | 33,210.00 | 60,413.00 | 55,751.59 |
| Total Facilities Acquisition & Construction Services | 27,203.00 | 33,210.00 | 60,413.00 | 55,751.59 |
| Total Expenditures | 833,578.00 | 264,545.00 | 1,098,123.00 | 1,019,679.14 |
| Total Outflows | 833,578.00 | 264,545.00 | 1,098,123.00 | 1,019,679.14 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses) | \$ - | \$ - | \$ - | \$ - |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**STRATFORD BOROUGH SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2019**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

| | GENERAL FUND | SPECIAL REVENUE FUND |
|--|-------------------------|-------------------------------------|
| Sources/Inflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Revenue" | | |
| From the Budgetary Comparison Schedule (C-Series) | \$ 16,332,398.84 | \$ 1,019,679.14 |
| Difference - Budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | |
| Current Year | - | (172,286.97) |
| Prior Year | - | - |
| | | |
| The last state aid payments are 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). | | |
| Current Year | (451,109.00) | - |
| Prior Year | 433,980.00 | - |
| | \$ 16,315,269.84 | \$ 847,392.17 |
| Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2) | \$ 16,315,269.84 | \$ 847,392.17 |
| | | |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2) | \$ 15,720,726.63 | \$ 1,019,679.14 |
| Differences - budget to GAAP | | |
| Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes. | | |
| | - | (172,286.97) |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2) | \$ 15,720,726.63 | \$ 847,392.17 |

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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**STRATFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST SIX FISCAL YEARS***

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| School District's proportion of the net pension liability | 0.01625% | 0.01691% | 0.01753% | 0.01971% | 0.01730% | 0.01804% |
| School District's proportionate share of the net pension liability | \$ 3,198,722.00 | \$ 3,936,828.00 | \$ 5,190,816.00 | \$ 4,425,306.00 | \$ 3,238,813.00 | \$ 3,447,049.00 |
| School District's covered payroll | \$ 1,082,526.00 | \$ 1,106,584.00 | \$ 1,116,842.00 | \$ 1,156,408.00 | \$ 1,180,952.00 | \$ 1,270,768.00 |
| School District's proportionate share of the net pension liability as a percentage of its covered payroll | 295.49% | 355.76% | 464.78% | 382.68% | 274.25% | 271.26% |
| Plan fiduciary net position as a percentage of the total pension liability | 40.45% | 48.10% | 40.14% | 47.93% | 52.08% | 48.72% |

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

STRATFORD BOROUGH SCHOOL DISTRICT
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
 LAST SIX FISCAL YEARS

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| School District's contractually required contribution | \$ 149,045.00 | \$ 161,596.00 | \$ 156,671.00 | \$ 155,702.00 | \$ 169,484.00 | \$ 142,609.00 |
| Contributions in relation to the contractually required contribution | (149,045.00) | (161,596.00) | (156,671.00) | (155,702.00) | (169,484.00) | (142,609.00) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| School District's covered payroll | \$ 1,082,526.00 | \$ 1,106,584.00 | \$ 1,116,842.00 | \$ 1,156,408.00 | \$ 1,180,952.00 | \$ 1,270,768.00 |
| Contributions as a percentage of covered payroll | 13.77% | 14.60% | 14.03% | 13.46% | 14.35% | 11.22% |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**STRATFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST SIX FISCAL YEARS***

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| School District's proportion of the net pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| School District's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability associated with the School District | \$ 38,332,882.00 | \$ 37,526,495.00 | \$ 43,669,843.00 | \$ 35,626,160.00 | \$ 28,245,623.00 | \$ 25,418,706.00 |
| School District's covered payroll | \$ 38,332,882.00 | \$ 37,526,495.00 | \$ 43,669,843.00 | \$ 35,626,160.00 | \$ 28,245,623.00 | \$ 25,418,706.00 |
| School District's covered payroll | \$ 6,270,844.00 | \$ 7,349,084.00 | \$ 6,697,016.00 | \$ 6,629,512.00 | \$ 6,559,992.00 | \$ 6,102,796.00 |
| School District's proportionate share of the net pension liability as a percentage of its covered payroll | 611.29% | 510.63% | 652.08% | 537.39% | 430.57% | 416.51% |
| Plan fiduciary net position as a percentage of the total pension liability | 26.49% | 25.41% | 22.33% | 28.71% | 33.64% | 33.76% |

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT
BENEFITS (GASB 75)**

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STRATFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST TWO FISCAL YEAR*

| | 2019 | 2018 |
|--|----------------------|----------------------|
| District's Total OPEB Liability | | |
| Service Cost | \$ 1,195,313 | \$ 1,443,124 |
| Interest Cost | 1,239,834 | 1,071,630 |
| Differences Between Expected and Actual | (2,553,528) | - |
| Changes of Assumptions | (3,390,272) | (4,477,935) |
| Contributions: Member | 27,303 | 28,840 |
| Gross Benefit Payments | (789,984) | (783,225) |
| Net Change in District's Total OPEB Liability | (4,271,334) | (2,717,566) |
| District's Total OPEB Liability (Beginning) | 33,814,902 | 36,532,468 |
| District's Total OPEB Liability (Ending) | <u>\$ 29,543,568</u> | <u>\$ 33,814,902</u> |
| District's Covered Employee Payroll | \$ 7,353,370 | \$ 8,455,668 |
| District's Net OPEB Liability as a Percentage of Payroll | 402% | 400% |

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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STRATFORD BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2019

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.25% as of June 30, 2017, to 4.86% as of June 30, 2018.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.00% as of June 30, 2017, to 5.66% as of June 30, 2018.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.58% as of June 30, 2017, to 3.87% as of June 30, 2018.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**STRATFORD BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019**

| | Title I | Title IIA | Title III | Title IV | I.D.E.A. - Basic | I.D.E.A. - Preschool |
|---|---------------------|---------------------|---------------------|--------------------|----------------------|-------------------------|
| Revenues: | | | | | | |
| Federal Sources | \$ 96,040.47 | \$ 14,229.95 | \$ 11,716.64 | \$ 9,921.40 | \$ 278,177.51 | \$ 7,500.00 |
| Total Revenues | <u>\$ 96,040.47</u> | <u>\$ 14,229.95</u> | <u>\$ 11,716.64</u> | <u>\$ 9,921.40</u> | <u>\$ 278,177.51</u> | <u>\$ 7,500.00</u> |
| Expenditures: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | \$ 70,157.80 | \$ - | \$ 2,655.00 | \$ - | \$ - | \$ 7,500.00 |
| Other Purchased Services (400-500 Series) | 4,000.00 | - | - | - | 161,966.00 | - |
| General Supplies | 557.67 | - | 3,902.14 | 9,921.40 | 3,189.62 | - |
| Other Objects | 351.00 | - | 162.00 | - | - | - |
| Total Instruction | <u>75,066.47</u> | <u>-</u> | <u>6,719.14</u> | <u>9,921.40</u> | <u>165,155.62</u> | <u>7,500.00</u> |
| Support Services: | | | | | | |
| Personal Services - Employee Benefits | 20,974.00 | - | - | - | - | - |
| Purchased Educational Services | - | 6,070.00 | 4,997.50 | - | 113,021.89 | - |
| Other Purchased Services (400-500 Series) | - | 8,159.95 | - | - | - | - |
| Total Support Services | <u>20,974.00</u> | <u>14,229.95</u> | <u>4,997.50</u> | <u>-</u> | <u>113,021.89</u> | <u>-</u> |
| Total Expenditures | <u>\$ 96,040.47</u> | <u>\$ 14,229.95</u> | <u>\$ 11,716.64</u> | <u>\$ 9,921.40</u> | <u>\$ 278,177.51</u> | <u>\$ 7,500.00</u> |

STRATFORD BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019

| | Non Public Security Aid | Non Public Ch. 193 Handicapped | Non Public Textbook | Non Public Nursing | Non Public Ch. 192 Auxiliary |
|--|----------------------------|-----------------------------------|------------------------|---------------------|---------------------------------|
| Revenues: | | | | | |
| State Sources | \$ 49,188.59 | \$ 178,423.00 | \$ 17,988.23 | \$ 32,554.17 | \$ 305,340.00 |
| Total Revenues | <u>\$ 49,188.59</u> | <u>\$ 178,423.00</u> | <u>\$ 17,988.23</u> | <u>\$ 32,554.17</u> | <u>\$ 305,340.00</u> |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Purchased Professional - Educational Services | \$ - | \$ 178,423.00 | \$ - | \$ 32,554.17 | \$ 305,340.00 |
| Textbooks | - | - | 17,988.23 | - | - |
| Total Instruction | <u>-</u> | <u>178,423.00</u> | <u>17,988.23</u> | <u>32,554.17</u> | <u>305,340.00</u> |
| Facilities Acquisition & Construction Services: | | | | | |
| Noninstructional Equipment | 49,188.59 | - | - | - | - |
| Total Facilities Acquisition & Construction Services | <u>49,188.59</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>\$ 49,188.59</u> | <u>\$ 178,423.00</u> | <u>\$ 17,988.23</u> | <u>\$ 32,554.17</u> | <u>\$ 305,340.00</u> |

**STRATFORD BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019**

| | Non Public Technology | Safety Grant | Totals |
|--|--------------------------|--------------------|------------------------|
| Revenues: | | | |
| Local Sources | \$ - | \$ 6,563.00 | \$ 6,563.00 |
| State Sources | 12,036.18 | - | 595,530.17 |
| Federal Sources | - | - | 417,585.97 |
| Total Revenues | <u>\$ 12,036.18</u> | <u>\$ 6,563.00</u> | <u>\$ 1,019,679.14</u> |
| Expenditures: | | | |
| Instruction: | | | |
| Salaries of Teachers | \$ - | \$ - | \$ 80,312.80 |
| Purchased Professional - Educational Services | - | - | 516,317.17 |
| Other Purchased Services (400-500 Series) | - | - | 165,966.00 |
| General Supplies | 12,036.18 | - | 29,607.01 |
| Total Instruction | <u>12,036.18</u> | <u>-</u> | <u>810,704.21</u> |
| Support Services: | | | |
| Personal Services - Employee Benefits | - | - | 20,974.00 |
| Purchased Educational Services | - | - | 124,089.39 |
| Other Purchased Services (400-500 Series) | - | - | 8,159.95 |
| Total Support Services | <u>-</u> | <u>-</u> | <u>153,223.34</u> |
| Facilities Acquisition & Construction Services: | | | |
| Noninstructional Equipment | - | 6,563.00 | 55,751.59 |
| Total Facilities Acquisition & Construction Services | <u>-</u> | <u>6,563.00</u> | <u>55,751.59</u> |
| Total Expenditures | <u>\$ 12,036.18</u> | <u>\$ 6,563.00</u> | <u>\$ 1,019,679.14</u> |

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F. Capital Projects Fund

Not Applicable

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H. Fiduciary Fund

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**STRATFORD BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

| | TRUST | | TRUST | | AGENCY | |
|--|------------------------------|-------------------|-----------------|-----------------|-----------------------------|------------------|
| | UNEMPLOYMENT COMPENSATION | BENEFITS TRUST | TRUST TOTALS | PAYROLL FUND | STUDENT ACTIVITY FUND | AGENCY TOTALS |
| ASSETS | | | | | | |
| Cash & Cash Equivalents | \$ 42,228.28 | \$ 11,553.13 | \$ 53,781.41 | \$ 90,298.43 | \$ 80,556.44 | \$ 170,854.87 |
| Interfund Receivable | - | - | - | - | - | - |
| Total Assets | 42,228.28 | 11,553.13 | 53,781.41 | 90,298.43 | 80,556.44 | 170,854.87 |
| LIABILITIES | | | | | | |
| Interfund Payable | - | 3,382.15 | 3,382.15 | 4,462.49 | - | 4,462.49 |
| Payable for Student Related Activities | - | - | - | - | 80,556.44 | 80,556.44 |
| Payroll Deductions & Withholdings | - | - | - | 85,835.94 | - | 85,835.94 |
| Total Liabilities | - | 3,382.15 | 3,382.15 | 90,298.43 | 80,556.44 | 170,854.87 |
| NET POSITION | | | | | | |
| Restricted - Held in Trust for Unemployment Claims & Other Purposes | 42,228.28 | - | 42,228.28 | | | |
| Restricted - Flexible Benefit Claims | - | 8,170.98 | 8,170.98 | | | |
| Total Net Position | \$ 42,228.28 | \$ 8,170.98 | \$ 50,399.26 | | | |

**STRATFORD BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2019**

| | UNEMPLOYMENT COMPENSATION TRUST | FLEXIBLE BENEFITS TRUST | TOTAL TRUST |
|--------------------------|--|--|------------------------|
| ADDITIONS | | | |
| Contributions: | | | |
| Plan Member | \$ 23,130.54 | 20,886.00 | \$ 44,016.54 |
| Total Contributions | 23,130.54 | 20,886.00 | 44,016.54 |
| Total Additions | 23,130.54 | 20,886.00 | 44,016.54 |
| DEDUCTIONS | | | |
| Unemployment Claims | 14,365.58 | 0 | 14,365.58 |
| Flexible Spending Claims | - | 21,648.70 | 21,648.70 |
| Total Deductions | 14,365.58 | 21,648.70 | 36,014.28 |
| Change in Net Position | 8,764.96 | (762.70) | 8,002.26 |
| Net Position - Beginning | 33,463.32 | 8,933.68 | 42,397.00 |
| Net Position - Ending | \$ 42,228.28 | \$ 8,170.98 | \$ 50,399.26 |

**STRATFORD BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2019**

| | BALANCE JUNE 30, 2018 | CASH RECEIPTS | CASH DISBURSEMENTS | BALANCE JUNE 30, 2019 |
|-----------------|--------------------------------------|--------------------------|-------------------------------|--------------------------------------|
| Schools: | | | | |
| Yellin School | \$ 41,649.68 | \$ 107,460.85 | \$ 78,555.25 | \$ 70,555.28 |
| Parkview School | 3,821.42 | 17,060.63 | 10,880.89 | 10,001.16 |
| Total Schools | <u>\$ 45,471.10</u> | <u>\$ 124,521.48</u> | <u>\$ 89,436.14</u> | <u>\$ 80,556.44</u> |

**STRATFORD BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2019**

| | BALANCE JUNE 30, 2018 | CASH RECEIPTS | CASH DISBURSEMENTS | BALANCE JUNE 30, 2019 |
|--------------------------------------|--------------------------------------|--------------------------|-------------------------------|--------------------------------------|
| ASSETS | | | | |
| Cash & Cash Equivalents | \$ 109,532.35 | \$ 4,109,642.07 | \$ 4,128,875.99 | \$ 90,298.43 |
| Total Assets | <u>\$ 109,532.35</u> | <u>\$ 4,109,642.07</u> | <u>\$ 4,128,875.99</u> | <u>\$ 90,298.43</u> |
| LIABILITIES | | | | |
| Payroll Deductions & Withholdings | \$ 103,760.81 | \$ 4,127,566.94 | \$ 4,109,642.07 | \$ 85,835.94 |
| Interfunds Payable | 5,771.54 | 1,309.05 | - | 4,462.49 |
| Total Liabilities | <u>\$ 109,532.35</u> | <u>\$ 4,128,875.99</u> | <u>\$ 4,109,642.07</u> | <u>\$ 90,298.43</u> |

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I. Long-Term Debt

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STRATFORD BOROUGH SCHOOL DISTRICT
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2019

| | JUNE 30, 2019 | | | VARIANCE FINAL TO ACTUAL |
|---|--------------------|---------------------|-----------------|--------------------------------|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Revenues: | | | | |
| Local Sources: | | | | |
| Local Tax Levy | \$ 445,190.00 | \$ - | \$ 445,190.00 | \$ - |
| Total Revenues | 445,190.00 | - | 445,190.00 | - |
| Expenditures: | | | | |
| Regular Debt Service: | | | | |
| Interest | 165,190.00 | - | 165,190.00 | - |
| Redemption of Principal | 280,000.00 | - | 280,000.00 | - |
| Expense of Refunding Bonds | - | - | 98,095.50 | (98,095.50) |
| Total Regular Debt Service | 445,190.00 | - | 445,190.00 | (98,095.50) |
| Total Expenditures | 445,190.00 | - | 543,285.50 | (98,095.50) |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | - | - | (98,095.50) | (98,095.50) |
| Other Financing Sources/(Uses): | | | | |
| Proceeds on Refunding Bonds | - | - | 3,934,585.35 | 3,934,585.35 |
| Deposit to Refunding Escrow | - | - | (3,836,489.85) | (3,836,489.85) |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Uses | - | - | - | - |
| Fund Balance, July 1, | 0.40 | - | 0.40 | 0.40 |
| Fund Balance, June 30, | \$ 0.40 | \$ - | \$ 0.40 | \$ - |

STATISTICAL SECTION (Unaudited)

Third Section

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. The Exhibits are presented for the last ten fiscal years.

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STRATFORD BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
UNAUDITED

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| FISCAL YEAR ENDING JUNE 30, | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 5,120,430.81 | \$ 5,275,718.45 | \$ 5,374,698.13 | \$ 5,556,177.71 | \$ 5,660,971.07 | \$ 5,913,028.87 | \$ 6,024,715.02 | \$ 6,235,005.00 | \$ 6,516,573.00 | \$ 7,773,053.00 |
| Restricted | 1,550,571.42 | 1,347,871.80 | 1,660,676.21 | 1,358,352.24 | 1,466,748.31 | 1,291,583.24 | 715,975.32 | 800,895.00 | 643,738.00 | 513,367.00 |
| Unrestricted (Deficit) | (4,189,730.59) | (4,509,204.43) | (4,376,531.28) | (4,197,486.49) | (3,943,710.35) | (435,158.25) | (451,666.22) | (196,908.00) | (198,425.00) | (273,462.00) |
| Total Governmental Activities | \$ 2,481,271.64 | \$ 2,114,385.82 | \$ 2,658,843.06 | \$ 2,717,043.46 | \$ 3,184,009.03 | \$ 6,769,453.86 | \$ 6,289,024.12 | \$ 6,838,992.00 | \$ 6,961,886.00 | \$ 8,012,958.00 |
| Business-Type Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 115,473.25 | \$ 112,299.19 | \$ 127,888.13 | \$ 113,706.67 | \$ 94,342.31 | \$ 104,623.19 | \$ 114,904.07 | \$ 93,369.00 | \$ 83,292.00 | \$ 50,072.00 |
| Unrestricted (Deficit) | 197,519.54 | 184,585.98 | 170,788.79 | 171,995.70 | 243,113.22 | 193,648.94 | 177,357.48 | 173,406.00 | 161,193.00 | 118,040.00 |
| Total Business-Type Activities | \$ 312,992.79 | \$ 296,885.17 | \$ 298,676.92 | \$ 285,702.37 | \$ 337,455.53 | \$ 298,272.13 | \$ 292,261.55 | \$ 266,775.00 | \$ 244,485.00 | \$ 168,112.00 |
| District-Wide: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 5,235,904.06 | \$ 5,388,017.64 | \$ 5,502,586.26 | \$ 5,669,884.38 | \$ 5,755,313.38 | \$ 6,017,652.06 | \$ 6,139,619.09 | \$ 6,328,374.00 | \$ 6,599,865.00 | \$ 7,823,125.00 |
| Restricted | 1,550,571.42 | 1,347,871.80 | 1,660,676.21 | 1,358,352.24 | 1,466,748.31 | 1,291,583.24 | 715,975.32 | 800,895.00 | 643,738.00 | 513,367.00 |
| Unrestricted (Deficit) | (3,992,211.05) | (4,324,618.45) | (4,205,742.49) | (4,025,490.79) | (3,700,597.13) | (241,509.31) | (274,308.74) | (23,502.00) | (37,232.00) | (155,422.00) |
| Total District Net Position | \$ 2,794,264.43 | \$ 2,411,270.99 | \$ 2,957,519.98 | \$ 3,002,745.83 | \$ 3,521,464.56 | \$ 7,067,725.99 | \$ 6,581,285.67 | \$ 7,105,767.00 | \$ 7,206,371.00 | \$ 8,181,070.00 |

In accordance with GASBS No.65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

* For the fiscal year ended June 30, 2015, the School District adopted GASBS No's 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

Source: CAFR Exhibit A-1

STRAITFORD BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
UNAUDITED

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| FISCAL YEAR ENDING JUNE 30, | | | | | | | | | | |
| Expenses: | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 7,609,789.51 | \$ (4,657,163.29) | \$ (4,549,952.12) | \$ (4,137,390.84) | \$ (4,255,502.32) | \$ (3,881,412.27) | \$ (3,925,411.86) | \$ (3,058,873.00) | \$ (3,532,686.00) | \$ (3,759,499.00) |
| Special Education | 2,995,339.91 | (1,539,180.40) | (1,526,357.58) | (1,449,938.47) | (1,301,261.79) | (1,319,593.84) | (1,167,349.57) | (1,726,308.00) | (1,149,012.00) | (1,272,469.00) |
| Other Special Education | - | - | - | - | - | - | - | - | - | - |
| Other Instruction | 754,088.59 | (629,677.45) | (624,159.27) | (688,561.27) | (602,776.78) | (576,274.96) | (478,066.12) | (430,590.00) | (289,404.00) | (411,503.00) |
| Support Services: | | | | | | | | | | |
| Tuition | 1,021,114.80 | (1,084,400.93) | (787,394.94) | (850,707.82) | (684,119.38) | (452,128.04) | (501,840.83) | (534,273.00) | (526,988.00) | (447,459.00) |
| Student & Instruction Related Services | 2,515,011.55 | (1,693,462.84) | (1,519,927.64) | (1,467,952.55) | (1,482,852.36) | (1,266,446.47) | (1,193,005.96) | (1,284,715.00) | (1,204,662.00) | (1,457,205.00) |
| School Administrative Services | 433,678.91 | (447,668.97) | (419,925.09) | (421,434.15) | (421,434.15) | (460,211.86) | (462,651.39) | (452,463.00) | (445,653.00) | (422,923.00) |
| General Administration | 355,453.72 | (713,435.43) | (732,628.71) | (684,620.99) | (805,987.94) | (748,498.24) | (761,143.53) | (601,799.00) | (618,616.00) | (604,454.00) |
| Central Services | 184,375.39 | - | - | - | - | - | - | - | - | - |
| Administrative Information Services | 566,378.45 | - | - | - | - | - | - | - | - | - |
| Plant Operations & Maintenance | 1,533,345.32 | (973,127.62) | (1,005,645.45) | (1,001,941.62) | (1,043,345.61) | (933,802.58) | (901,780.35) | (983,646.00) | (896,258.00) | (873,079.00) |
| Pupil Transportation | 786,743.99 | (539,731.61) | (480,501.61) | (520,865.10) | (466,033.94) | (335,789.42) | (368,120.88) | (375,469.00) | (380,183.00) | (424,854.00) |
| Employee Benefits | - | (7,637,439.13) | (6,875,538.05) | (5,656,300.76) | (4,615,882.24) | (3,037,725.55) | (3,139,599.49) | (2,675,982.00) | (2,486,885.00) | (2,724,764.00) |
| Interest on Long-Term Debt | 247,517.06 | (169,985.84) | (205,162.62) | (212,199.08) | (219,892.84) | (378,455.86) | (257,951.16) | (262,263.00) | (216,858.00) | (126,370.00) |
| Transfer of Funds to Charter School | 47,755.00 | (44,699.00) | (18,891.00) | (18,891.00) | (18,432.00) | (67,249.00) | - | - | - | - |
| Security | - | (54,201.57) | (71,336.07) | - | - | - | (74,749.00) | - | - | - |
| Amortization of Debt Issuance Cost | - | (456,992.68) | (427,575.58) | (453,865.90) | (485,818.67) | (481,811.89) | (434,132.24) | (434,045.00) | (351,097.00) | (92,487.00) |
| Unallocated Depreciation and Amortization | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities | 19,050,592.19 | (20,641,166.76) | (19,238,995.73) | (17,543,949.79) | (16,403,340.02) | (13,939,399.98) | (13,665,802.38) | (12,820,426.00) | (12,098,302.00) | (12,617,066.00) |
| Expenses | | | | | | | | | | |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 389,323.94 | (407,440.20) | (389,602.91) | (439,445.94) | (322,944.49) | (333,944.59) | (309,553.15) | (284,035.00) | (265,045.00) | (258,357.00) |
| Summer Drama Camp | 18,118.23 | (13,611.10) | (13,058.50) | (11,988.38) | (10,608.47) | (10,509.85) | (9,892.88) | (10,102.00) | (8,966.00) | (10,713.00) |
| Summer Technology Camp | 1,187.87 | (3,229.50) | (2,583.60) | (4,832.78) | - | - | - | - | - | - |
| Summer Music Lessons | 19.10 | (347.95) | (322.95) | - | - | - | - | - | - | - |
| Total Business-Type Activities | 408,649.14 | (424,628.75) | (405,567.96) | (456,267.10) | (333,552.96) | (344,454.44) | (319,446.03) | (294,137.00) | (274,011.00) | (269,070.00) |
| Expense | | | | | | | | | | |
| Total District Expenses | \$ 19,459,241.33 | \$ (21,065,795.51) | \$ (19,644,563.69) | \$ (18,000,216.89) | \$ (16,736,892.98) | \$ (14,283,854.42) | \$ (13,985,248.41) | \$ (13,114,563.00) | \$ (12,372,313.00) | \$ (12,886,136.00) |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Instruction (Tuition) | \$ - | \$ 1,927,655.22 | \$ 2,171,359.28 | \$ 1,705,913.08 | \$ 2,046,649.39 | \$ 1,594,433.24 | \$ 635,463.17 | \$ 587,319.00 | \$ 564,718.00 | \$ 546,798.00 |
| Support Services - Tuition | - | 29,349.00 | 27,886.90 | 29,520.89 | 24,425.58 | 38,221.47 | - | - | - | - |
| Operating Grants & Contributions | 4,820,742.63 | 4,588,597.29 | 4,084,942.42 | 3,617,445.99 | 3,216,663.26 | 1,736,875.39 | 1,834,692.64 | 1,592,483.00 | 1,595,715.00 | 1,900,965.00 |
| Capital Grants & Contributions | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities | 4,820,742.63 | 6,545,601.51 | 6,284,188.60 | 5,352,879.96 | 5,287,738.23 | 3,369,530.10 | 2,470,155.81 | 2,179,802.00 | 2,160,433.00 | 2,447,763.00 |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Food Service | 232,649.82 | 18,161.00 | 16,117.00 | 14,856.30 | 13,244.65 | 9,822.56 | 1,616.00 | 10,709.00 | 12,297.00 | 9,450.00 |
| Summer Drama Camp | - | 3,485.00 | 2,723.75 | 5,625.00 | - | - | - | - | - | - |
| Summer Technology Camp | - | 360.00 | 330.00 | - | - | - | - | - | - | - |
| Summer Music Lessons | 192,106.94 | 169,670.09 | 177,075.23 | 169,718.06 | 157,491.93 | 140,326.77 | 131,125.49 | 101,264.00 | 95,362.00 | 94,576.00 |
| Operating Grants and Contributions | - | - | - | - | - | - | - | - | - | - |
| Total Business Type Activities | 424,756.76 | 201,616.09 | 193,946.00 | 210,209.36 | 213,760.64 | 150,149.33 | 132,741.49 | 112,033.00 | 117,659.00 | 114,126.00 |

STRATFORD BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
UNAUDITED

| | FISCAL YEAR ENDING JUNE 30, | | | | | | | | | |
|---|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Program Revenues | 424,756.76 | 422,837.00 | 418,542.51 | 404,513.94 | 372,736.36 | 350,465.02 | 344,932.83 | 317,427.00 | 310,272.00 | 280,193.00 |
| Total District Program Revenues | \$ 5,245,499.39 | \$ 6,968,438.51 | \$ 6,702,731.11 | \$ 5,757,393.90 | \$ 5,660,474.59 | \$ 3,719,995.12 | \$ 2,815,088.64 | \$ 2,497,229.00 | \$ 2,470,705.00 | \$ 2,727,956.00 |
| Net (Expense)/Revenue: | | | | | | | | | | |
| Governmental Activities | \$ (14,229,849.56) | \$ (14,095,565.25) | \$ (12,954,807.13) | \$ (12,191,069.83) | \$ (11,115,601.79) | \$ (10,569,869.88) | \$ (11,195,646.57) | \$ (10,640,624.00) | \$ (9,937,869.00) | \$ (10,169,303.00) |
| Business-Type Activities | 16,107.62 | (1,791.75) | 12,974.55 | (51,753.16) | 39,183.40 | 6,010.58 | 25,486.80 | 23,290.00 | 36,261.00 | 11,123.00 |
| Total District-Wide Net Expense | \$ (14,213,741.94) | \$ (14,097,357.00) | \$ (12,941,832.58) | \$ (12,242,822.99) | \$ (11,076,418.39) | \$ (10,563,859.30) | \$ (11,170,159.77) | \$ (10,617,334.00) | \$ (9,901,608.00) | \$ (10,158,180.00) |
| General Revenues & Other Changes in Net Position: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied for General Purposes, Net | \$ 7,066,887.00 | \$ 6,712,467.00 | \$ 6,423,150.00 | \$ 6,161,630.00 | \$ 5,829,924.00 | \$ 5,804,375.00 | \$ 5,706,500.00 | \$ 5,706,500.00 | \$ 5,706,500.00 | \$ 5,483,342.00 |
| Taxes Levied for Debt Service | 445,190.00 | 432,965.00 | 404,634.00 | 371,102.00 | 358,978.00 | 320,226.50 | 316,407.00 | 324,603.00 | 317,415.00 | 320,952.00 |
| Unrestricted Grants & Contributions | 5,097,469.59 | 6,158,834.75 | 5,794,883.44 | 5,023,433.38 | 4,565,179.60 | 4,399,538.43 | 4,309,164.00 | 4,295,007.00 | 3,840,254.00 | 4,026,137.00 |
| Restricted Grants and Contributions | 1,743,044.87 | - | - | - | - | - | - | 8,565.00 | 80,839.00 | 3,478,718.00 |
| Investment Earnings | - | - | - | - | - | - | - | 20,616.00 | 28,788.00 | 23,189.00 |
| Miscellaneous Income | 244,143.92 | 246,841.26 | 273,939.29 | 167,938.88 | 223,124.36 | 288,672.45 | 330,625.53 | 197,592.00 | 64,900.00 | 107,451.00 |
| Loss on Disposal of Fixed Assets | - | - | - | - | - | - | - | - | - | - |
| Adjustment to Capital Assets, Net of Accum. Deprec. | - | - | - | - | - | 237,487 | (17,018) | (35,153.00) | (1,151,899) | - |
| Total Governmental Activities | 14,596,735.38 | 13,551,108.01 | 12,896,606.73 | 11,724,104.26 | 10,977,205.96 | 11,050,299.62 | 10,645,678.06 | 10,517,730.00 | 8,886,797.00 | 13,439,789.00 |
| Business-Type Activities: | | | | | | | | | | |
| Adjustment to Capital Assets, Net of Accum. Deprec. | - | - | - | - | - | - | - | - | 40,112.00 | - |
| Total Business-Type Activities | - | - | - | - | - | - | - | - | 40,112.00 | - |
| Total District-Wide | \$ 14,596,735.38 | \$ 13,551,108.01 | \$ 12,896,606.73 | \$ 11,724,104.26 | \$ 10,977,205.96 | \$ 11,050,299.62 | \$ 10,645,678.06 | \$ 10,517,730.00 | \$ 8,926,909.00 | \$ 13,439,789.00 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | \$ 366,885.82 | \$ (544,457.24) | \$ (58,200.40) | \$ (466,965.57) | \$ (138,395.83) | \$ 480,429.74 | \$ (549,968.51) | \$ (122,894.00) | \$ (1,051,072.00) | \$ 3,270,486.00 |
| Business-Type Activities | 16,107.62 | (1,791.75) | 12,974.55 | (51,753.16) | 39,183.40 | 6,010.58 | 25,486.80 | 23,290.00 | 76,373.00 | 11,123.00 |
| Total District | \$ 382,993.44 | \$ (546,248.99) | \$ (45,225.85) | \$ (518,718.73) | \$ (99,212.43) | \$ 486,440.32 | \$ (524,481.71) | \$ (99,604.00) | \$ (974,699.00) | \$ 3,281,609.00 |

In accordance with GASBS No.65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

* For the fiscal year ended June 30, 2015, the School District adopted GASBS No's 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

Source: CAFR Exhibit A-2

STRATFORD BOROUGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
UNAUDITED

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|
| FISCAL YEAR ENDING JUNE 30, | | | | | | | | | | |
| General Fund: | | | | | | | | | | |
| Capital Reserve | \$ 1,550,571.02 | \$ 435,580.00 | \$ 470,000.00 | \$ 351,543.24 | \$ 351,543.24 | \$ 251,543.24 | \$ 174,234.00 | \$ 138,366.00 | \$ 137,588.00 | \$ 136,882.00 |
| Maintenance Reserve | 305,907.97 | 262,147.29 | 437,815.00 | 550,289.00 | 870,000.00 | 670,000.00 | - | - | - | - |
| Excess Surplus | (18,454.94) | 650,144.11 | 752,860.81 | 456,519.85 | 245,204.42 | 429,649.01 | 342,761.53 | 146,579.00 | 57,456.00 | 59,944.00 |
| Assigned | - | 49,590.62 | 78,825.51 | - | 70,774.81 | 100,644.04 | 159,871.28 | 317,627.00 | 227,411.00 | 13,568.00 |
| Unassigned | - | (153,981.18) | (91,684.63) | (184,582.85) | (177,774.57) | (195,935.00) | (148,293.00) | (58,073.00) | (110,429.00) | (128,474.00) |
| Total General Fund | \$ 1,838,024.05 | \$ 1,243,480.84 | \$ 1,647,816.69 | \$ 1,173,769.24 | \$ 1,359,747.90 | \$ 1,255,901.29 | \$ 528,573.81 | \$ 544,499.00 | \$ 312,026.00 | \$ 81,920.00 |
| All Other Governmental Funds: | | | | | | | | | | |
| Restricted: | | | | | | | | | | |
| Capital Projects Fund | - | - | - | - | - | - | 87,881.79 | 167,101.00 | 171,000.00 | 280,773.00 |
| Assigned: | | | | | | | | | | |
| Debt Service Fund | 0.40 | 0.40 | 0.40 | 0.15 | 0.65 | 4,862.65 | 9,501.15 | 31,222.00 | 50,283.00 | 22,200.00 |
| Total All Other Governmental Funds | \$ 0.40 | \$ 0.40 | \$ 0.40 | \$ 0.15 | \$ 0.65 | \$ 4,862.65 | \$ 97,382.94 | \$ 198,323.00 | \$ 221,283.00 | \$ 302,973.00 |

In accordance with GASBS No. 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify Fund Balance was changed.

Source: District Records

**STRATFORD BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
UNAUDITED**

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|----------------------|------------------------|----------------------|------------------------|----------------------|----------------------|------------------------|----------------------|----------------------|------------------------|
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 7,512,077.00 | \$ 7,145,432.00 | \$ 6,827,784.00 | \$ 6,532,732.00 | \$ 6,188,902.00 | \$ 6,124,601.50 | \$ 6,022,907.00 | \$ 6,031,103.00 | \$ 6,023,915.00 | \$ 5,804,294.00 |
| Tuition Charges | 1,743,044.87 | 1,927,655.22 | 2,171,359.28 | 1,705,913.08 | 2,046,649.39 | 1,594,433.24 | 635,463.17 | 587,319.00 | 564,718.00 | 546,798.00 |
| Transportations Fees from other LEAs | 29,094.88 | 29,349.00 | 27,886.90 | 29,520.89 | 24,425.58 | 38,221.47 | - | - | - | - |
| Interest Earnings | - | - | - | - | - | - | 10,435.90 | 19,662.00 | 28,788.00 | 23,189.00 |
| Miscellaneous | 221,612.04 | 246,841.26 | 273,939.29 | 168,084.88 | 220,389.45 | 288,672.45 | 319,988.11 | 198,546.00 | 71,718.00 | 115,458.00 |
| State Sources | 7,824,518.22 | 7,170,127.88 | 6,772,398.54 | 6,427,501.03 | 6,186,578.26 | 5,792,904.11 | 5,767,183.12 | 5,368,970.00 | 4,991,941.00 | 8,273,809.00 |
| Federal Sources | 277,505.00 | 434,313.16 | 474,177.32 | 482,536.34 | 380,123.60 | 343,509.71 | 376,673.52 | 527,085.00 | 518,049.00 | 1,123,274.00 |
| Total Revenues | 17,607,852.01 | 16,953,718.52 | 16,547,545.33 | 15,346,288.22 | 15,047,068.28 | 14,182,342.48 | 13,132,650.82 | 12,732,685.00 | 12,199,129.00 | 15,886,822.00 |
| Expenditures | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular Instruction | 4,234,815.57 | 4,657,163.29 | 4,549,952.12 | 4,178,207.71 | 4,296,319.19 | 3,922,229.14 | 3,925,411.86 | 3,012,443.00 | 3,533,865.00 | 3,751,768.00 |
| Special Education Instruction | 1,666,893.95 | 1,539,180.40 | 1,526,357.58 | 1,449,938.47 | 1,301,261.79 | 1,319,593.84 | 1,167,349.67 | 1,726,308.00 | 1,149,012.00 | 1,272,469.00 |
| Other Special Instruction | - | - | - | - | - | - | - | - | - | - |
| School-Sponsored/Other Instruction Undistributed: | 419,647.10 | 629,677.45 | 624,159.27 | 688,561.27 | 602,776.78 | 576,274.96 | 478,066.12 | 430,590.00 | 289,404.00 | 411,503.00 |
| Tuition | 743,954.03 | 1,084,400.93 | 787,394.94 | 850,707.82 | 684,119.38 | 452,128.04 | 501,840.83 | 534,273.00 | 526,988.00 | 447,459.00 |
| Student and Instruction Related Services | 189,154.46 | 1,693,462.84 | 1,513,927.64 | 1,467,952.55 | 1,482,852.36 | 1,266,446.47 | 1,193,005.96 | 1,284,715.00 | 1,204,662.00 | 1,457,205.00 |
| Health Services | 1,639,130.46 | - | - | - | - | - | - | - | - | - |
| Support Services - Students | 315,965.62 | - | - | - | - | - | - | - | - | - |
| Support Services - Instructional Staff | 258,973.06 | - | - | - | - | - | - | - | - | - |
| General Administration | 134,330.45 | 705,980.43 | 732,628.71 | 684,620.99 | 805,987.94 | 748,498.24 | 761,143.53 | 601,799.00 | 614,841.00 | 601,134.00 |
| School Administrative Services | 412,646.58 | 447,668.97 | 419,925.09 | 419,605.39 | 421,434.15 | 460,211.86 | 462,651.39 | 452,463.00 | 445,653.00 | 422,923.00 |
| Central Services | - | - | - | - | - | - | - | - | - | - |
| Admin. Information Technology | 1,094,292.59 | - | - | - | - | - | - | - | - | - |
| Plant Operations and Maintenance | 573,198.39 | 973,127.62 | 1,005,645.45 | 1,001,941.62 | 1,043,345.61 | 933,802.58 | 901,780.35 | 983,646.00 | 891,321.00 | 898,049.00 |
| Pupil Transportation | 4,661,549.19 | 539,731.61 | 480,501.61 | 520,865.10 | 466,033.94 | 335,789.42 | 368,120.88 | 375,469.00 | 370,859.00 | 415,530.00 |
| Security | - | 54,201.57 | 71,336.07 | - | - | - | - | - | - | - |
| Other Support Services | - | 4,450,327.26 | 3,888,941.40 | 3,747,255.29 | 3,413,364.44 | 2,993,465.50 | 2,990,139.61 | 2,675,982.00 | 2,486,885.00 | 2,724,764.00 |
| Capital Outlay | 140,585.27 | 105,468.00 | 49,203.00 | 151,508.67 | 48,316.09 | 269,431.85 | 158,967.73 | 81,982.00 | 219,809.00 | 8,468,565.00 |
| Transfer of Funds to Charter Schools | 47,755.00 | 44,699.00 | 18,891.00 | - | 18,432.00 | 67,249.00 | - | - | - | - |
| Debt Service: | | | | | | | | | | |
| Principal | 283,042.00 | 260,000.00 | 225,000.00 | 185,000.00 | 170,000.00 | 125,000.00 | 110,000.00 | 100,000.00 | 80,000.00 | 492,000.00 |
| Interest and Other Charges | 291,392.50 | 172,965.00 | 179,653.75 | 186,102.50 | 193,840.00 | 199,865.00 | 231,239.99 | 263,502.00 | 237,414.00 | 37,014.00 |
| Total Expenditures | 17,111,404.30 | 17,358,054.37 | 16,073,497.63 | 15,532,267.38 | 14,948,083.67 | 13,669,985.90 | 13,249,717.92 | 12,523,172.00 | 12,050,713.00 | 21,400,383.00 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | 496,447.71 | (404,335.85) | 474,047.70 | (185,979.16) | 98,984.61 | 512,356.58 | (117,067.00) | 209,513.00 | 148,416.00 | (5,513,561.00) |
| Other Financing Sources/(Uses): | | | | | | | | | | |
| Proceeds From Bond Issuance | 3,934,585.35 | - | - | - | - | - | - | - | - | 5,206,730.00 |
| Capital Lease | - | - | - | - | - | 122,450.61 | - | - | - | - |
| Transfers In | - | - | - | - | - | - | 3,111.81 | 18,884.00 | 28,082.00 | 22,200.00 |
| Transfers Out | - | - | - | - | - | - | (3,111.81) | (18,884.00) | (28,082.00) | (22,200.00) |
| Prior Year Receivable Canceled | - | - | - | - | - | - | 201.52 | - | - | - |
| Deposit to Refunding Escrow | (3,836,489.85) | - | - | - | - | - | - | - | - | - |
| Total Other Financing Sources/(Uses) | 98,095.50 | - | - | - | - | 122,450.61 | 201.52 | - | - | 5,206,730.00 |
| Net Change in Fund Balances | \$ 594,543.21 | \$ (404,335.85) | \$ 474,047.70 | \$ (185,979.16) | \$ 98,984.61 | \$ 634,807.19 | \$ (116,865.58) | \$ 209,513.00 | \$ 148,416.00 | \$ (306,831.00) |
| Debt Service as a Percentage of Noncapital Expenditures | 3.47% | 2.56% | 2.58% | 2.45% | 2.49% | 2.43% | 2.64% | 2.99% | 2.71% | 2.53% |

Source: District Records

STRATFORD BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
UNAUDITED

| FISCAL YEAR ENDING JUNE 30, | Tuition from Individuals | Prior Year Tuition | Other Reimbursements | Miscellaneous | Interest on Investments | Prior Years' Refunds | Shared Service Fees | Prior Year Shared Service | Transportation Fees | Annual TOTAL |
|------------------------------------|---------------------------------|---------------------------|-----------------------------|----------------------|--------------------------------|-----------------------------|----------------------------|----------------------------------|----------------------------|-------------------------|
| 2019 | \$ - | \$ - | \$ 1,743,044.87 | \$ - | \$ - | \$ 215,049.04 | \$ - | \$ - | \$ 29,094.88 | \$ 1,987,188.79 |
| 2018 | 1,920,876.00 | 6,779.22 | - | 6,461.21 | - | 6,244.06 | 228,343.49 | - | 29,349.00 | 2,198,052.98 |
| 2017 | 2,171,359.28 | - | 34,018.93 | 11,052.43 | - | 16,493.10 | 206,406.64 | - | 27,886.90 | 2,467,217.28 |
| 2016 | 1,705,913.08 | - | - | 6,938.20 | - | - | 158,727.68 | - | 29,520.89 | 1,901,099.85 |
| 2015 | 2,046,649.39 | - | 1,606.52 | 5,413.65 | 0.19 | 2,420.01 | 196,890.97 | 7,661.81 | 24,425.58 | 2,285,068.12 |
| 2014 | 1,594,433.24 | 24,473.52 | 14,280.47 | 1,848.33 | 4,882.97 | 41,922.00 | 191,342.02 | 21,709.59 | 38,221.47 | 1,918,833.14 |
| 2013 | 635,463.17 | 106,806.73 | - | 6,705.29 | 7,324.05 | 1,146.63 | 43,672.19 | 137,709.46 | - | 953,107.99 |
| 2012 | 587,319.00 | - | - | 6,273.00 | 10,371.00 | 151,853.00 | 49,711.00 | - | - | 805,527.00 |
| 2011 | 564,718.00 | - | 11,078.00 | 9,734.00 | 39,209.00 | 10,698.00 | 22,969.00 | - | - | 658,406.00 |
| 2010 | 546,798.00 | - | - | 8,724.00 | 27,054.00 | 15,369.00 | 87,500.00 | - | - | 685,445.00 |
| Total | \$ 11,773,529.16 | \$ - | \$ 1,804,028.79 | \$ 63,150.11 | \$ 88,841.21 | \$ 461,194.84 | \$ 1,185,562.99 | \$ 167,080.86 | \$ 178,498.72 | \$ 15,859,946.15 |

Source: District Records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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STRATFORD BOROUGH SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 UNAUDITED

| FISCAL YEAR ENDED JUNE 30, | VACANT LAND | RESIDENTIAL | FARM REG. | OFARM | COMMERCIAL | INDUSTRIAL | APARTMENT | TOTAL ASSESSED VALUE | LESS: TAX EXEMPT PROPERTY | PUBLIC UTILITIES | NET VALUATION TAXABLE | TOTAL DIRECT SCHOOL TAX RATE | ACTUAL (COUNTY EQUALIZED) VALUE |
|----------------------------|--------------|----------------|-----------|-------|---------------|------------|---------------|----------------------|---------------------------|------------------|-----------------------|------------------------------|---------------------------------|
| 2019 | 1,952,000.00 | 332,543,300.00 | - | - | 58,260,700.00 | - | 19,051,800.00 | 411,807,800.00 | 159,259,700.00 | 100.00 | 411,807,900.00 | \$ 1.771 | 427,977,349.00 |
| 2018 | 1,952,000.00 | 332,370,500.00 | - | - | 58,690,500.00 | - | 19,051,800.00 | 412,064,800.00 | 158,515,300.00 | 100.00 | 412,064,900.00 | \$ 1.696 | 427,668,193.00 |
| 2017 | 1,910,700.00 | 332,339,600.00 | - | - | 59,786,600.00 | - | 19,051,800.00 | 413,088,700.00 | 158,668,600.00 | 100.00 | 413,088,800.00 | \$ 1.618 | 427,792,367.00 |
| 2016 | 1,948,700.00 | 331,915,300.00 | - | - | 60,706,200.00 | - | 19,051,800.00 | 413,622,000.00 | 158,787,400.00 | 100.00 | 413,622,100.00 | \$ 1.538 | 431,242,479.00 |
| 2015 | 2,028,800.00 | 331,915,900.00 | - | - | 62,743,100.00 | - | 19,410,700.00 | 416,098,500.00 | 158,535,400.00 | 100.00 | 416,098,600.00 | \$ 1.480 | 426,787,872.00 |
| 2014 | 1,264,800.00 | 224,522,200.00 | - | - | 44,441,000.00 | - | 11,293,700.00 | 281,521,700.00 | 114,456,600.00 | 474,998.00 | 281,996,698.00 | \$ 2.154 | 452,277,495.00 |
| 2013 | 1,239,600.00 | 224,833,900.00 | - | - | 43,319,200.00 | - | 11,368,700.00 | 282,761,400.00 | 114,362,700.00 | 468,312.00 | 283,229,712.00 | \$ 2.128 | 492,100,514.00 |
| 2012 | 1,299,600.00 | 224,379,500.00 | - | - | 48,385,800.00 | - | 11,719,200.00 | 285,784,100.00 | 114,302,700.00 | 452,738.00 | 286,236,838.00 | \$ 2.106 | 511,388,419.00 |
| 2011 | 1,239,600.00 | 223,754,900.00 | - | - | 49,017,800.00 | - | 11,719,200.00 | 285,731,500.00 | 114,504,500.00 | 534,531.00 | 286,266,031.00 | \$ 2.066 | 519,218,591.00 |
| 2010 | | | | | | | | | | | | | |

**STRATFORD BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

UNAUDITED

| FISCAL YEAR ENDED JUNE 30, | SCHOOL DISTRICT DIRECT RATE | | | TOTAL DIRECT | Borough of Stratford | Regional High School | Camden County | TOTAL DIRECT AND OVERLAPPING TAX RATE |
|-------------------------------------|-----------------------------|---------------------------------------|-----------------|-----------------|-------------------------|-------------------------|------------------|--|
| | BASIC RATE | GENERAL OBLIGATION DEBT SERVICE | TOTAL DIRECT | | | | | |
| 2019 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 2018 | 1.664 | 0.107 | 1.771 | 1.771 | 0.996 | 0.651 | 0.873 | 4.291 |
| 2017 | 1.595 | 0.101 | 1.696 | 1.696 | 0.980 | 0.691 | 0.871 | 4.238 |
| 2016 | 1.526 | 0.092 | 1.618 | 1.618 | 0.961 | 0.667 | 0.862 | 4.108 |
| 2015 | 1.449 | 0.089 | 1.538 | 1.538 | 0.937 | 0.702 | 0.864 | 4.041 |
| 2014 | 1.403 | 0.077 | 1.480 | 1.480 | 0.916 | 0.709 | 0.824 | 3.929 |
| 2013 | 2.041 | 0.113 | 2.154 | 2.154 | 1.344 | 1.084 | 1.250 | 5.832 |
| 2012 | 2.023 | 0.105 | 2.128 | 2.128 | 1.303 | 1.056 | 1.248 | 5.735 |
| 2011 | 2.001 | 0.105 | 2.106 | 2.106 | 1.182 | 1.053 | 1.195 | 5.536 |
| 2010 | 1.961 | 0.105 | 2.066 | 2.066 | 1.183 | 1.114 | 1.107 | 5.470 |

- (1) The districts basic tax rate is calculated from the A4F form which is submitted with the annual budget and the net valuation taxable.
- (2) Rates for debt service are based on each years requirements.
- (3) Revaluation

Source: Municipal Tax Collector.

**STRATFORD BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED**

| <u>Taxpayer</u> | 2019 | | |
|-----------------------------------|---------------------------------|-----------------|---|
| | TAXABLE ASSESSED VALUE | RANK | % OF TOTAL DISTRICT NET ASSESSED VALUE |
| | Woodmere Investment Association | \$ 7,355,700.00 | 1 |
| Stratford Court Apartments | \$ 4,660,000.00 | 2 | 1.13% |
| 18 W Laurel Real Estates LLC | \$ 4,084,300.00 | 3 | 0.99% |
| Brookview Manor Apartments | \$ 3,796,200.00 | 4 | 0.92% |
| Stratford Square Urban Renewal | \$ 3,750,000.00 | 5 | 0.91% |
| Echelon Ford Real Estate Holdings | \$ 3,182,100.00 | 6 | 0.77% |
| J Teitelbaum Nursing Home | | | |
| Stratford Investors | \$ 2,519,800.00 | 7 | 0.61% |
| Stratford Properties LLC | \$ 2,500,000.00 | 8 | 0.61% |
| La Martinique Bowling Academy | \$ 2,316,400.00 | 9 | 0.56% |
| Pep Boys | \$ 2,091,300.00 | 10 | 0.51% |
| Gross & Kowit | | | |
| Total | <u>\$ 36,255,800.00</u> | | <u>8.800%</u> |

| <u>Taxpayer</u> | 2010 | | |
|-----------------------------------|---------------------------------|-----------------|---|
| | TAXABLE ASSESSED VALUE | RANK | % OF TOTAL DISTRICT NET ASSESSED VALUE |
| | Woodmere Investment Association | \$ 4,200,000.00 | 2 |
| Stratford Court Apartments | \$ 2,770,000.00 | 5 | 0.97% |
| 18 W Laurel Real Estates LLC | \$ - | | 0.00% |
| Brookview Manor Apartments | \$ 1,850,000.00 | 7 | 0.64% |
| Stratford Square Urban Renewal | \$ 4,895,900.00 | 1 | 1.71% |
| Echelon Ford Real Estate Holdings | \$ 2,841,100.00 | 4 | 0.99% |
| J Teitelbaum Nursing Home | \$ 3,013,000.00 | 3 | 1.05% |
| Stratford Investors | \$ - | | 0.00% |
| Stratford Properties LLC | \$ 1,764,600.00 | 8 | 0.61% |
| La Martinique Bowling Academy | \$ 2,000,000.00 | 6 | 0.70% |
| Pep Boys | \$ 1,689,800.00 | 9 | 0.59% |
| Gross & Kowit | \$ 1,634,900.00 | 10 | 0.57% |
| Total | <u>\$ 26,659,300.00</u> | | <u>9.29%</u> |

Source: Municipal Tax Assessor and Abstract of Ratables

**STRATFORD BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED**

| FISCAL YEAR ENDED JUNE 30, | TAXES LEVIED FOR THE FISCAL YEAR | COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY | | COLLECTIONS IN SUBSEQUENT YEARS |
|-------------------------------------|---|--|-----------------------|--|
| | | AMOUNT | PERCENTAGE OF LEVY | |
| 2019 | \$ 7,512,077.00 | \$ 7,512,077.00 | 100.00% | - |
| 2018 | 6,712,467.00 | 6,712,467.00 | 100.00% | - |
| 2017 | 6,423,150.00 | 6,423,150.00 | 100.00% | - |
| 2016 | 6,161,630.00 | 6,161,630.00 | 100.00% | - |
| 2015 | 5,829,924.00 | 5,829,924.00 | 100.00% | - |
| 2014 | 6,124,601.00 | 6,124,601.00 | 100.00% | - |
| 2013 | 6,022,907.00 | 6,022,907.00 | 100.00% | - |
| 2012 | 6,031,103.00 | 6,031,103.00 | 100.00% | - |
| 2011 | 6,023,915.00 | 6,023,915.00 | 100.00% | - |
| 2010 | 5,804,294.00 | 5,804,294.00 | 100.00% | - |

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

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

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and its debt capacity.

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STRATFORD BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

| FISCAL YEAR ENDED JUNE 30, | GOVERNMENTAL ACTIVITIES | | | | TOTAL DISTRICT | PERCENTAGE OF PERSONAL INCOME | | PER CAPITA |
|-------------------------------------|--------------------------------|-------------------------------------|-------------------|-------------------------------|-------------------|--|-----------|------------|
| | GENERAL OBLIGATION BONDS | Certificates of Participation | CAPITAL LEASES | Bond Anticipation Notes | | | | |
| 2019 | \$ 3,715,000.00 | \$ - | \$ - | \$ - | \$ 3,715,000.00 | N/A | N/A | |
| 2018 | \$ 4,361,000.00 | - | - | - | 4,361,000.00 | N/A | N/A | |
| 2017 | 4,621,000.00 | - | 40,816.87 | - | 4,661,816.87 | 1.413% | \$ 98.94 | |
| 2016 | 4,846,000.00 | - | 81,633.74 | - | 4,927,633.74 | 1.516% | \$ 106.33 | |
| 2015 | 5,031,000.00 | - | - | - | 5,031,000.00 | 1.545% | \$ 107.30 | |
| 2014 | 5,031,000.00 | - | - | - | 5,031,000.00 | 1.682% | \$ 116.94 | |
| 2013 | 5,326,000.00 | - | - | - | 5,326,000.00 | 1.708% | \$ 119.37 | |
| 2012 | 5,436,000.00 | - | - | - | 5,436,000.00 | 1.774% | \$ 124.80 | |
| 2011 | 5,536,000.00 | - | 26,471.00 | - | 5,562,471.00 | 1.888% | \$ 132.90 | |
| 2010 | 5,616,000.00 | - | 38,809.00 | - | 5,654,809.00 | 0.316% | \$ 22.27 | |

Sources:

- (1) District Records
 - (2) Personal income has been estimated based upon the municipal population per capita.
 - (3) Per Capita personal income by municipality-estimated based upon 2010/2000 Census published by the US Bureau of Economic Analysis
- (N/A) At the time of CAFR completion, this data was not yet available.

**STRATFORD BOROUGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED**

| FISCAL YEAR ENDED JUNE 30, | General Obligation Bonds | Deductions | NET GENERAL BONDED DEBT OUTSTANDING | PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY | PER CAPITA |
|---|---|-------------------|--|---|-------------------|
| 2019 | \$ 3,715,000.00 | \$ - | 3,715,000.00 | 0.90% | N/A |
| 2018 | 4,361,000.00 | - | 4,361,000.00 | 1.06% | 625.95 |
| 2017 | 4,621,000.00 | - | 4,621,000.00 | 1.12% | 663.94 |
| 2016 | 4,846,000.00 | - | 4,846,000.00 | 1.17% | 695.07 |
| 2015 | 5,031,000.00 | - | 5,031,000.00 | 1.22% | 720.77 |
| 2014 | 5,031,000.00 | - | 5,031,000.00 | 1.21% | 720.88 |
| 2013 | 5,326,000.00 | - | 5,326,000.00 | 1.89% | 761.40 |
| 2012 | 5,436,000.00 | - | 5,436,000.00 | 1.92% | 772.93 |
| 2011 | 5,536,000.00 | - | 5,536,000.00 | 1.93% | 787.82 |
| 2010 | 902,000.00 | - | 902,000.00 | 0.32% | 128.07 |

Sources:

- (1) District Records
 - (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
 - (3) Per Capita calculation based upon population information provided by the NJ Dept. of Labor and Workforce Development.
- (N/A) At the time of CAFR completion, this data was not yet available.

**STRATFORD BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
YEAR ENDED JUNE 30, 2019
UNAUDITED**

| GOVERNMENTAL UNIT | DEBT OUTSTANDING | ESTIMATED PERCENTAGE APPLICABLE | SHARE OF OVERLAPPING DEBT |
|---------------------------------------|-----------------------------|--|--|
| Debt Repaid With Property Taxes: | | | |
| Borough of Stratford School District | \$ 3,715,000.00 | 100% | \$ 3,715,000.00 |
| Regional High School Debt | Information Not Available | | |
| Borough of Stratford | | | |
| Camden County General Obligation Debt | 402,702,498.00 | 1.13% | <u>4,550,538.23</u> |
| Subtotal, Overlapping Debt | | | 8,265,538.23 |
| Stratford District Direct Debt | | | <u>3,715,000.00</u> |
| Total Direct & Overlapping Debt | | | <u><u>\$ 11,980,538.23</u></u> |

Sources: Camden County Office of the Treasurer, Township of Stratford, Township of Stratford Sewerage Authority, Township of Stratford Housing Authority

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 Stratford. 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.

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.

STRATFORD BOROUGH SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Dollars in Thousands)
 UNAUDITED

| | FISCAL YEAR | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Debt Limit | \$ 12,969,505.58 | \$ 12,808,294.77 | \$ 12,863,056.75 | \$ 12,938,582.10 | \$ 13,190,321.02 | \$ 13,817,168.31 | \$ 14,558,060.55 | \$ 15,216,892.00 | \$ 15,352,255.00 | \$ 15,226,778.00 |
| Total Net Debt Applicable to Limit | 3,715,000.00 | 4,361,000.00 | 4,621,000.00 | 4,846,000.00 | 5,031,000.00 | 5,201,000.00 | 5,326,000.00 | 5,436,000.00 | 5,536,000.00 | 5,616,000.00 |
| Legal Debt Margin | \$ 9,254,505.58 | \$ 8,447,294.77 | \$ 8,242,056.75 | \$ 8,092,582.10 | \$ 8,159,321.02 | \$ 8,616,168.31 | \$ 9,232,060.55 | \$ 9,780,892.00 | \$ 9,816,255.00 | \$ 9,610,778.00 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 28.64% | 34.05% | 35.92% | 37.45% | 38.14% | 37.64% | 36.58% | 35.72% | 36.06% | 36.88% |

Legal Debt Margin Calculation

| | |
|---|----------------------------|
| Average Equalized Valuation of Taxable Property | |
| Debt Limit (3% of Average Equalization Value) | |
| Net Bonded School Debt | |
| Legal Debt Margin | |
| Equalized Valuation Basis | |
| 2018 | \$ 442,931,524.00 |
| 2017 | 426,789,021.00 |
| 2016 | 427,230,013.00 |
| | <u>\$ 1,296,950,558.00</u> |
| | <u>\$ 432,316,852.67</u> |
| | \$ 12,969,505.58 |
| | <u>3,715,000.00</u> |
| | <u>\$ 9,254,505.58</u> |

Sources:
 (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
 (2) Limit set by NISA 18A:24-19 for a K through 8 district
 (3) District Records

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts.

Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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

| YEAR | POPULATION (a) | PERSONAL INCOME (b) | PER CAPITA PERSONAL INCOME (c) | UNEMPLOYMENT RATE (d) |
|-------------|-----------------------|--------------------------------|---|----------------------------------|
| 2019 | N/A | N/A | N/A | N/A |
| 2018 | 6,967 | N/A | N/A | 4.30% |
| 2017 | 6,960 | \$ 361,070,880.00 | \$ 51,878.00 | 5.00% |
| 2016 | 6,972 | \$ 344,361,024.00 | \$ 49,392.00 | 5.00% |
| 2015 | 6,980 | \$ 337,213,092.00 | \$ 48,084.00 | 5.80% |
| 2014 | 6,979 | \$ 325,576,384.00 | \$ 46,886.00 | 7.30% |
| 2013 | 6,995 | \$ 316,621,888.00 | \$ 45,544.00 | 9.10% |
| 2012 | 7,033 | \$ 318,187,980.00 | \$ 45,540.00 | 8.20% |
| 2011 | 7,027 | \$ 312,065,565.00 | \$ 44,359.00 | 8.10% |
| 2010 | 7,043 | \$ 298,854,823.00 | \$ 42,457.00 | 8.30% |

Sources:

- (1) Population information provided by the NJ Dept. of Labor and Workforce Development
 - (2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
 - (3) Per Capita personal income by municipality-estimated based upon the 2010/2000 Census published by the US Bureau of Economic Analysis.
 - (4) Unemployment data provided by the NJ Dept. of Labor and Workforce Development
- (N/A) At the time of CAFR completion, this data was not yet available.

**STRATFORD BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED**

| <u>EMPLOYER</u> | <u>2019</u> | | |
|-----------------------------------|------------------|-------------|---|
| | <u>EMPLOYEES</u> | <u>RANK</u> | <u>PERCENTAGE OF TOTAL EMPLOYMENT</u> |
| Cooper University Health System | 7000 | 1 | N/A |
| Virtua Health System | 2500 | 2 | N/A |
| Campbell Soup Company | 2300 | 3 | N/A |
| Our Lady of Lourdes Health System | 2000 | 4 | N/A |
| American Water Works | 2000 | 5 | N/A |
| T.D.Bank, N.A. | 1300 | 6 | N/A |
| Jefferson Health System | 1256 | 7 | N/A |
| Aluminum Shapes | 1000 | 8 | N/A |
| Lockheed Martin | 800 | 9 | N/A |
| Bancroft Brain Injury Services | | | |
| L-3 Communications Systems East | | | |
| CIGNA | | | |
| Global Aluminum (USA) | | | |
| Baxter Healthcare | | | |
| | 20,156 | | 0.00% |

Source: The County of Camden
Philadelphia Business Journal, Book of Lists
Employee information for the Borough is not available.

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**STRATFORD BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED**

| Function/Program | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Instruction: | | | | | | | | | | |
| Regular | 57.60 | 57.60 | 57.60 | 55.10 | 54.50 | 51.80 | 47.30 | 45.80 | 45.00 | 47.70 |
| Special Education | 18.80 | 18.80 | 18.80 | 18.50 | 16.80 | 16.50 | 15.00 | 15.00 | 14.00 | 15.70 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 28.10 | 28.10 | 28.10 | 25.50 | 26.80 | 27.70 | 25.30 | 22.60 | 20.80 | 49.60 |
| Central Services | 6.40 | 3.00 | 3.00 | 3.20 | 3.20 | 3.20 | 3.20 | 3.20 | 3.20 | 3.20 |
| School Administrative Services | 2.70 | 7.40 | 7.40 | 7.80 | 8.50 | 8.50 | 8.50 | 8.50 | 8.50 | 8.50 |
| Business Administrative Services | 3.00 | 2.70 | 2.70 | 2.70 | 1.70 | 1.70 | 1.70 | 1.90 | 1.90 | 1.90 |
| Information Technology | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 |
| Plant Operations & Maintenance | 11.40 | 11.40 | 11.40 | 10.60 | 11.40 | 10.30 | 9.80 | 9.80 | 9.80 | 10.00 |
| Pupil Transportation | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Total | 130.50 | 131.50 | 131.50 | 125.90 | 125.40 | 122.40 | 113.50 | 109.50 | 105.90 | 139.30 |

Source: District Personnel Records

STRATFORD BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

| FISCAL YEAR | ENROLLMENT | OPERATING EXPENDITURES (a) | COST PER PUPIL | PERCENTAGE CHANGE | TEACHING STAFF (b) | PUPIL/TEACHER RATIO (d) | | AVERAGE DAILY ENROLLMENT (ADE) (c) | AVERAGE DAILY ATTENDANCE (ADA) (c) | % CHANGE IN AVERAGE DAILY ENROLLMENT | STUDENT ATTENDANCE PERCENTAGE |
|-------------|------------|----------------------------|----------------|-------------------|--------------------|-------------------------|--------|------------------------------------|------------------------------------|--------------------------------------|-------------------------------|
| | | | | | | PARKVIEW | YELLIN | | | | |
| 2019 | 854 | \$ 17,111,404 | 20,036.77 | -0.89% | 89 | 1:20 | 1:20 | 855.1 | 834.6 | -2.61% | 97.61% |
| 2018 | 832 | \$ 16,819,621 | 20,215.89 | 12.34% | 89 | 1:20 | 1:20 | 878.0 | 803.0 | 1.20% | 91.46% |
| 2017 | 868 | \$ 15,619,661 | 17,995.00 | -1.21% | 84 | 1:22 | 1:22 | 867.6 | 827.6 | 4.04% | 95.39% |
| 2016 | 824 | \$ 15,009,656 | 18,215.60 | 8.40% | 84 | 1:21 | 1:21 | 833.9 | 796.6 | -2.90% | 95.53% |
| 2015 | 865 | \$ 14,535,928 | 16,804.54 | 9.27% | 83 | 1:21 | 1:21 | 858.8 | 819.3 | 1.37% | 95.40% |
| 2014 | 829 | \$ 12,749,510 | 15,379.38 | -2.77% | 78 | 1:21 | 1:21 | 847.2 | 815.2 | 5.23% | 96.22% |
| 2013 | 806 | \$ 12,749,510 | 15,818.25 | 5.17% | 76 | 1:19 | 1:21 | 805.1 | 752.8 | 2.91% | 93.50% |
| 2012 | 803 | \$ 12,077,688 | 15,040.71 | 9.73% | 72 | 1:20 | 1:20 | 782.3 | 751.8 | -5.84% | 96.10% |
| 2011 | 840 | \$ 11,513,490 | 13,706.54 | -4.85% | 71 | 1:21 | 1:20 | 830.8 | 798.7 | 0.45% | 96.14% |
| 2010 | 861 | \$ 12,402,804 | 14,405.11 | 4.84% | 77 | 1:21 | 1:21 | 827.1 | 792.4 | -1.34% | 95.80% |

Sources: District records

- (1) Operating expenditures equal total expenditures less debt serve and capital outlay
- (2) Teaching staff includes only full-time equivalents of certificated staff.
- (3) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

STRATFORD BOROUGH SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 UNAUDITED

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>DISTRICT BUILDINGS</u> | | | | | | | | | | |
| Elementary Schools: | | | | | | | | | | |
| Parkview Elementary (1964) | 48,198 | 48,198 | 48,198 | 48,198 | 48,198 | 48,198 | 48,198 | 48,198 | 48,198 | 48,198 |
| Square Feet | 307 | 307 | 307 | 307 | 307 | 307 | 307 | 307 | 307 | 307 |
| Capacity | 359 | 353 | 353 | 356 | 378 | 350 | 347 | 342 | 343 | 364 |
| Enrollment | | | | | | | | | | |
| Yellin Elementary (1957) | 76,682 | 76,682 | 76,682 | 76,682 | 76,682 | 76,682 | 76,682 | 76,682 | 76,682 | 76,682 |
| Square Feet | 547 | 547 | 547 | 547 | 547 | 547 | 547 | 547 | 547 | 547 |
| Capacity | 495 | 515 | 515 | 468 | 487 | 479 | 460 | 446 | 487 | 485 |
| Enrollment (a) | | | | | | | | | | |

Number of Schools at June 30, 2019:
 Elementary = 2
 Middle School = 0
 High School = 0

Source: District Records -- June Monthly Enrollment Report

STRATFORD BOROUGH SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 UNAUDITED

| <u>SCHOOL FACILITIES</u> | <u>PROJECT # (s)</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|--------------------------|----------------------|-------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Elementary Schools: | | | | | | | | | | | |
| Samuel Yellin School | N/A | - | 106,635.00 | 125,944.00 | 117,049.00 | 138,183.00 | 103,288.00 | 104,503.00 | 111,826.00 | 61,294.00 | 82,514.00 |
| Parkview School | N/A | - | 69,270.00 | 65,621.00 | 59,779.00 | 94,686.00 | 52,499.00 | 54,656.00 | 60,294.00 | 48,049.00 | 46,404.00 |
| Grand Total | | \$ - | \$ 175,905.00 | \$ 191,565.00 | \$ 176,828.00 | \$ 232,869.00 | \$ 155,787.00 | \$ 159,159.00 | \$ 172,120.00 | \$ 109,343.00 | \$ 128,918.00 |

**STRATFORD BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED**

| | <u>COVERAGE</u> | <u>DEDUCTIBLE</u> |
|---|------------------|-------------------|
| SCHOOL PACKAGE POLICY (1): | | |
| Building and Contents (All Locations) | \$ 31,393,732.00 | \$ 5,000.00 |
| Comprehensive General Liability | 6,000,000.00 | N/A |
| Comprehensive Automobile Liability | 6,000,000.00 | N/A |
| Comprehensive Crime Coverage: | | |
| Faithful Performance | 250,000.00 | 1,000.00 |
| Money Orders/Counterfeit | 10,000.00 | 500.00 |
| Money and Securities | 10,000.00 | 500.00 |
| Secretarys Bond | 200,000.00 | 1,000.00 |
| Computer Fraud | 250,000.00 | 1,000.00 |
| Forgery and Alteration | 25,000.00 | 500.00 |
| Valuable Papers and Records | - | - |
| Equipment and Breakdown | 100,000,000.00 | 5,000.00 |
| Workers Compensation | Statutory | |
| School Leaders Errors and Admissions | 6,000,000.00 | 5,000.00 |
| Supplemental Workers Compensation | Statutory | |
| Student Accident Insurance | 5,000,000 | |
| Berkley Life and Health Insuracne Company | - | - |
| Student Accident Policy Catastrophe | 1,000,000.00 | - |
| Athletic Accident | - | - |

Source: District Records

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SINGLE AUDIT SECTION

Fourth Section

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EXHIBIT K-1

**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**

Honorable President and Members
of the Board of Education
Borough of Stratford School District
County of Camden
Stratford, New Jersey 08084

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Stratford School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Borough of Stratford School District's basic financial statements, and have issued our report thereon dated December 23, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies 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 Borough of Stratford School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey as finding No. 2019-001.

The Borough of Stratford School District's Response to Finding

The Borough of Stratford School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
December 23, 2019



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

www.hfacpas.com

EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB
CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Borough of Stratford School District
County of Camden
Stratford, New Jersey 08084

Report on Compliance for Each Major State Program

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

Management’s Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor’s Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
December 23, 2019

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

| FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER | FEDERAL CFDA NUMBER | FEDERAL IDENTIFICATION NUMBER | PASS THROUGH IDENTIFYING NUMBER | PROGRAM OR AWARD AMOUNT | GRANT PERIOD | BALANCE JUNE 30, 2018 AMOUNT | CARRYOVER (WALKOVER) AMOUNT | CASH RECEIVED | BUDGETARY EXPENDITURES | PASSED THROUGH TO SUBRECIPIENTS | ADJUSTMENTS | UNEARNED REVENUE | BALANCE, JUNE 30, 2019 | |
|--|--|--|--|--|--|--|-----------------------------------|--|--|---------------------------------------|-------------|---------------------|--|--|
| | | | | | | | | | | | | | (ACCOUNTS RECEIVABLE) | (DUE TO GRANTOR) |
| U.S. Department of Health and Human Services Passed Through New Jersey Department of Human Services Medical Assistance Program (SEMI) | 93.778 | 1705NJSMAP | 100-054-7540-211 | 32,206.00 | 7/1/18-6/30/19 | - | - | 23,135.51 | (32,206.00) | - | - | - | \$ | (9,070.49) |
| Total U.S. Department of Health and Human Services | | | | | | | | 23,135.51 | (32,206.00) | - | - | - | \$ | (9,070.49) |
| U.S. Department of Agriculture Passed Through New Jersey Department of Agriculture Child Nutrition Cluster: School Breakfast Program School Breakfast Program | 10.555 10.555 | 171NJ304N1099 16161NJ304N1099 | 100-016-3350-028 100-016-3350-028 | 30,879.08 24,666.01 | 7/1/18-6/30/19 7/1/17-6/30/18 | (2,098.20) (2,092.20) | - | 23,943.61 2,098.20 26,041.81 | (30,879.08) (30,879.08) | - | - | - | - | (6,935.47) (6,935.47) |
| National School Lunch Program National School Lunch Program Food Distribution Program (Noncash Assistance) Food Distribution Program (Noncash Assistance) | 10.555 10.555 10.555 10.555 | 171NJ304N1099 16161NJ304N1099 171NJ304N1099 171NJ304N1099 | 100-016-3350-028 100-016-3350-028 Unavailable Unavailable | 141,277.00 19,817.08 16,097.94 22,238.85 | 7/1/18-6/30/19 7/1/18-6/30/19 7/1/17-6/30/18 7/1/17-6/30/18 | (8,449.86) (8,449.86) 3,242.46 (5,207.40) | - | 114,385.05 8,449.86 16,097.94 139,532.85 | (141,277.00) (13,455.48) (3,242.46) (157,974.94) | - | - | - | - | (26,891.95) 3,242.46 (26,891.95) |
| Total Child Nutrition Cluster | | | | 0 | | (7,305.60) | - | 165,574.66 | (188,854.02) | - | - | - | \$ | (33,827.42) |
| Total U.S. Department of Agriculture | | | | | | | | 165,574.66 | (188,854.02) | - | - | - | \$ | (33,827.42) |
| U.S. Department of Education Passed Through New Jersey Department of Education: No Child Left Behind (N.C.L.B.): Title I - Part A Title I - Part A Title II - Part A, Supporting Effective Instruction Title II - Part A, Supporting Effective Instruction Title III - English Language Acquisition Title III - English Language Acquisition Title IV - Part A Title IV - Part A Special Education Cluster: I.D.E.A. Part B I.D.E.A. Part B I.D.E.A. Preschool I.D.E.A. Preschool Total Special Education Cluster Temporary Emergency Impact Aid for Displaced Students Temporary Emergency Impact Aid for Displaced Students | 84.010 84.010 84.367 84.367 84.365 84.365 93.66 94.66 84.027 84.027 84.173 84.173 | S010A160030 S010A150030 S367A160029 S367A150029 S365A160030 S365A150030 S385A140030 S385A140031 H027A160100 H027A150100 H173A160114 H173A150114 | 100-034-5064-194 100-034-5064-194 100-034-5063-290 100-034-5063-290 100-034-5064-187 100-034-5064-187 100-034-5064-187 100-034-5064-188 286,259.00 282,289.00 14,989.00 15,257.00 | 124,774.00 109,254.00 21,679.00 27,536.00 15,132.00 12,482.00 10,000.00 10,000.00 286,259.00 282,289.00 14,989.00 15,257.00 | 7/1/18-6/30/19 7/1/17-6/30/18 7/1/18-6/30/19 7/1/17-6/30/18 7/1/18-6/30/19 7/1/17-6/30/18 7/1/18-6/30/19 7/1/17-6/30/18 7/1/18-6/30/19 7/1/17-6/30/18 7/1/18-6/30/19 7/1/17-6/30/18 | (30,943.54) (30,943.54) 0.67 0.67 (5,483.60) (5,483.60) (650.00) (650.00) (45,083.11) (45,083.11) (3,286.49) (3,286.49) | - | 1.46 30,943.54 30,945.00 2,700.00 2,700.00 0.40 5,483.60 5,484.00 650.00 650.00 18,048.89 4,938.11 64,031.00 7,499.51 3,286.49 10,786.00 74,817.00 6,750.00 121,346.00 | (96,040.47) (96,040.47) (14,229.95) (14,229.95) (11,716.64) (11,716.64) (9,921.40) (9,921.40) (278,177.51) (278,177.51) (7,500.00) (7,500.00) (285,677.51) (285,677.51) (417,585.97) | - | - | - | (96,039.01) (96,039.01) (11,529.28) (11,529.28) (11,716.24) (11,716.24) (9,921.40) (9,921.40) (259,228.62) (259,228.62) (0.49) (0.49) (259,229.11) | |
| Total U.S. Department of Education | | | | 6,750.00 | 8/15/18-12/31/18 | (6,750.00) | - | 6,750.00 | - | - | - | - | \$ | - |
| Total Expenditures of Federal Awards | | | | | | | | 310,056.17 | (638,645.99) | - | - | - | \$ | (431,332.95) |

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

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STRATFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019

| STATE GRANTOR/ PROGRAM TITLE | GRANT OR STATE PROJECT NUMBER | AWARD AMOUNT | GRANT PERIOD | CARRYOVER (WALKOVER) AMOUNT | CASH RECEIVED | BUDGETARY EXPENDITURES | PASSED THROUGH TO SUBRECIPIENTS | REPAYMENT OF PRIOR YEARS' BALANCES | BALANCE, JUNE 30, 2019 | | MEMO CUMULATIVE TOTAL EXPENDITURES | |
|--|--|-----------------|-----------------|-----------------------------------|------------------|---------------------------|---------------------------------------|---|------------------------|-------------------|---|---------------|
| | | | | | | | | | UNEARNED REVENUE | DUE TO GRANTOR | | |
| New Jersey Department of Education: | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | |
| Special Education Categorical Aid | 495-034-5120-089 | \$ 437,575.00 | 7/1/18-6/30/19 | - | \$ 437,575.00 | \$ (437,575.00) | - | \$ - | \$ - | \$ - | \$ 41,004.06 | 437,575.00 |
| Security Aid | 495-034-5120-084 | 137,797.00 | 7/1/18-6/30/19 | - | 137,797.00 | (137,797.00) | - | - | - | - | 12,912.61 | 137,797.00 |
| School Choice Aid | 495-034-5120-068 | 224,146.00 | 7/1/18-6/30/19 | - | 224,146.00 | (224,146.00) | - | - | - | - | 21,004.16 | 224,146.00 |
| Equalization Aid | 495-034-5120-078 | 3,811,884.00 | 7/1/18-6/30/19 | - | 3,811,884.00 | (3,811,884.00) | - | - | - | - | 357,202.10 | 3,811,884.00 |
| Total State Aid Public | | | | | | | | | | | | |
| Transportation Aid | 495-034-5120-014 | 202,610.00 | 7/1/18-6/30/19 | - | 202,610.00 | (202,610.00) | - | - | - | - | 18,986.08 | 202,610.00 |
| Extraordinary Aid | 495-034-5120-044 | 210,309.00 | 7/1/18-6/30/19 | - | - | (210,309.00) | - | - | (210,309.00) | - | - | 210,309.00 |
| Extracurricular Aid | 495-034-5120-044 | 122,355.00 | 7/1/17-6/30/18 | - | 122,355.00 | - | - | - | - | - | - | - |
| Additional Non-Public Transportation Aid | 495-034-5120-014 | 2,320.00 | 7/1/18-6/30/19 | - | - | (2,320.00) | - | - | (2,320.00) | - | - | 2,320.00 |
| Additional Non-Public Transportation Aid | 495-034-5120-014 | 1,044.00 | 7/1/17-6/30/18 | - | 1,044.00 | - | - | - | - | - | - | - |
| Reimbursed TPAF Social Security Contributions | 495-034-5094-003 | 465,318.97 | 7/1/17-6/30/18 | - | 22,787.01 | - | - | - | - | - | - | - |
| Reimbursed TPAF Social Security Contributions | 495-034-5094-003 | 447,121.05 | 7/1/18-6/30/19 | - | 42,535.674 | (447,121.05) | - | - | (21,764.31) | - | - | 447,121.05 |
| TPAF - Post Retirement | 495-034-5094-001 | 552,742.00 | 7/1/18-6/30/19 | - | 552,742.00 | (552,742.00) | - | - | - | - | - | 552,742.00 |
| TPAF - Pension | 495-034-5094-002 | 1,218,573.00 | 7/1/18-6/30/19 | - | 1,218,573.00 | (1,218,573.00) | - | - | - | - | - | 1,218,573.00 |
| TPAF - Long-Term Disability | 495-034-5094-004 | 1,040.00 | 7/1/18-6/30/19 | - | 1,040.00 | (1,040.00) | - | - | - | - | - | 1,040.00 |
| TPAF - Insurance (Noncash Assistance) | 495-034-5094-004 | 1,040.00 | 7/1/18-6/30/19 | - | 1,040.00 | (1,040.00) | - | - | - | - | - | 1,040.00 |
| Total General Fund | | | | | | | | | | | | |
| Special Revenues Fund: | | | | | 7,157,909.75 | (7,246,117.05) | | | (234,393.31) | | 451,109.00 | 7,246,117.05 |
| Non-Public Aid: | | | | | | | | | | 0 | | |
| Textbooks | 100-034-5120-064 | 18,103.00 | 7/1/18-6/30/19 | - | 18,103.00 | (17,988.23) | - | - | 0 | 114.77 | - | 17,988.23 |
| Textbooks | 100-034-5120-064 | 18,845.00 | 7/1/17-6/30/18 | - | - | - | - | (8.00) | - | - | - | - |
| Nursing Services | 100-034-5120-070 | 32,883.00 | 7/1/18-6/30/19 | - | 32,883.00 | (32,554.17) | - | - | - | 328.83 | - | 32,554.17 |
| Nursing Services | 100-034-5120-070 | 33,268.00 | 7/1/17-6/30/18 | - | - | - | - | (298.00) | - | - | - | - |
| Technology Initiative | 100-034-5120-373 | 12,204.00 | 7/1/18-6/30/19 | - | 12,204.00 | (12,036.18) | - | - | - | 167.82 | - | 12,036.18 |
| Technology Initiative | 100-034-5120-373 | 12,728.00 | 7/1/17-6/30/18 | - | - | - | - | (389.00) | - | - | - | - |
| Security Aid | 100-034-5120-509 | 50,850.00 | 7/1/18-6/30/19 | - | 50,850.00 | (49,188.59) | - | - | - | 1,661.41 | - | 49,188.59 |
| Security Aid | 100-034-5120-509 | 25,800.00 | 7/1/17-6/30/18 | - | - | - | - | (3,943.00) | - | - | - | - |
| Auxiliary Services Aid (Chapter 192): | | | | | | | | | | | | |
| Compensatory Education | 100-034-5120-067 | 241,119.00 | 7/1/18-6/30/19 | - | 241,119.00 | (241,119.00) | - | - | - | - | - | 241,119.00 |
| Compensatory Education | 100-034-5120-067 | 248,035.00 | 7/1/17-6/30/18 | - | - | - | - | (14,450.00) | - | - | - | - |
| Transportation | 100-034-5120-067 | 28,863.00 | 7/1/18-6/30/19 | - | 28,863.00 | (27,123.00) | - | - | 1,740.00 | - | - | 27,123.00 |
| Transportation | 100-034-5120-067 | 27,045.00 | 7/1/17-6/30/18 | - | - | - | - | (14,238.00) | - | - | - | - |
| ESL | 100-034-5120-067 | 37,098.00 | 7/1/18-6/30/19 | - | 37,098.00 | (37,098.00) | - | - | - | - | - | 37,098.00 |
| ESL | 100-034-5120-067 | 38,844.00 | 7/1/17-6/30/18 | - | - | - | - | (11,113.00) | - | - | - | - |
| Handicapped Services (Chapter 193): | | | | | | | | | | | | |
| Examination and Classification | 100-034-5120-066 | 60,625.00 | 7/1/18-6/30/19 | - | 60,625.00 | (60,625.00) | - | - | - | - | - | 60,625.00 |
| Examination and Classification | 100-034-5120-066 | 76,618.00 | 7/1/17-6/30/18 | - | - | - | - | (9,098.00) | - | - | - | - |
| Concursive Speech | 100-034-5120-066 | 53,568.00 | 7/1/18-6/30/19 | - | 53,568.00 | (53,568.00) | - | - | - | - | - | 53,568.00 |
| Concursive Speech | 100-034-5120-066 | 52,675.00 | 7/1/17-6/30/18 | - | - | - | - | (7,767.00) | - | - | - | - |
| Supplementary Instruction | 100-034-5120-066 | 64,230.00 | 7/1/18-6/30/19 | - | 64,230.00 | (64,230.00) | - | - | - | - | - | 64,230.00 |
| Supplementary Instruction | 100-034-5120-066 | 64,231.00 | 7/1/17-6/30/18 | - | - | - | - | (9,283.00) | - | - | - | - |
| Municipal Alliance | 475-995-5120-060 | 2,700.00 | 1/1/17-12/31/17 | - | 1,200.00 | - | - | - | - | - | - | - |
| Total Special Revenues Fund | | | | | | | | | | | | |
| | | | | | 600,743.00 | (595,530.17) | | (70,587.00) | | 4,012.83 | | 595,530.17 |
| New Jersey Department of Agriculture: | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | |
| National School Lunch Program | 100-010-3350-023 | 3,252.92 | 7/1/18-6/30/19 | - | 2,640.42 | (3,252.92) | - | - | (612.50) | - | - | 3,252.92 |
| National School Lunch Program | 100-010-3350-023 | 2,928.05 | 7/1/17-6/30/18 | - | 207.74 | - | - | - | - | - | - | - |
| Total Enterprise Fund | | | | | | | | | | | | |
| | | | | | 2,848.16 | (3,252.92) | | | (612.50) | | | 3,252.92 |
| Total State Financial Assistance | | | | | | | | | | | | |
| | | | | | \$ 7,761,500.91 | (7,844,900.14) | | \$ (70,587.00) | | \$ (235,005.81) | | \$ 451,109.00 |
| State Financial Assistance Programs not Subject to Calculation for Major Program Determination: | | | | | | | | | | | | |
| TPAF - Post Retirement | 495-034-5094-001 | \$ 552,742.00 | 7/1/18-6/30/19 | - | \$ 552,742.00 | - | - | - | - | - | - | 552,742.00 |
| TPAF - Pension | 495-034-5094-002 | 1,218,573.00 | 7/1/18-6/30/19 | - | 1,218,573.00 | - | - | - | - | - | - | 1,218,573.00 |
| TPAF - Long-Term Disability | 495-034-5094-004 | 1,040.00 | 7/1/18-6/30/19 | - | 1,040.00 | - | - | - | - | - | - | 1,040.00 |
| Insurance (Noncash Assistance) | 495-034-5094-004 | 1,040.00 | 7/1/18-6/30/19 | - | 1,040.00 | - | - | - | - | - | - | 1,040.00 |
| Total State Financial Assistance Subject to Calculation for Major Program Determination | | | | | | | | | | | | |
| The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule | | | | | | | | | | | | |

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**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Borough of Stratford School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of 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*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School 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.

Note 3. Relationship to Basic Financial Statements

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Note 3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(17,129.00) for the general fund and \$(172,286.97) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

| <u>Fund</u> | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|-------------------------------------|----------------------|------------------------|------------------------|
| General Fund | \$ 32,206.00 | \$ 7,228,988.05 | \$ 7,261,194.05 |
| Special Revenue Fund | 245,299.00 | 595,530.17 | 840,829.17 |
| Food Service Fund | <u>188,854.02</u> | <u>3,252.92</u> | <u>192,106.94</u> |
| Total Awards & Financial Assistance | <u>\$ 466,359.02</u> | <u>\$ 7,827,771.14</u> | <u>\$ 8,294,130.16</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. Federal and State Loans Outstanding

The Borough of Stratford School District had no loan balances outstanding at June 30, 2019.

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

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

State Financial Assistance

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

 1) Material weakness(es) identified? yes X no

 2) Significant deficiency(ies) identified? yes X no

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

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

| <u>State Grant/Project Number(s)</u> | <u>Name of State Program</u> |
|--------------------------------------|--|
| <u>495-034-5120-078</u> | <u>State Aid - Public:</u> |
| <u>495-034-5120-084</u> | <u>Equalization Aid</u> |
| <u>495-034-5120-089</u> | <u>Categorical Security Aid</u> |
| <u>495-034-5120-068</u> | <u>Categorical Special Education Aid</u> |
| <u> </u> | <u>School Choice Aid</u> |
| <u> </u> | <u> </u> |
| <u> </u> | <u> </u> |
| <u> </u> | <u> </u> |
| <u> </u> | <u> </u> |

**BOROUGH OF STRATFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section II – Financial Statement Findings

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

Financial Statement Findings

Finding No. 2019-001 – Repeat Finding

Criteria or Specific Requirement

A Food Service Fund's Net Cash Resources should not exceed its three months average expenditures.

Condition

The School District's Food Service Fund Net Cash Resources exceeded its three months average expenditures by \$77,041.39.

Context

Per the calculation of the Food Service Fund's Net Cash Resources, Net Cash Resources at June 30, 2019 were \$189,161.89 and the three times monthly average was \$112,120.50, causing the excess of \$77,041.39

Effect

Noncompliance with the requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey Audit Program.

Cause

The School District did not monitor the finances of its Food Service Fund to ensure its Net Cash Resources at the end of the fiscal year did not exceed the Fund's three months average expenditures.

Recommendation

That the School District develop a plan to reduce the Food Service Fund's Net Cash Resources below its three month average expenditures.

View of Responsible Officials and Planned Corrective Action

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, 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.

FEDERAL AWARDS

N/A – Federal single audit not required.

STATE FINANCIAL ASSISTANCE

None.

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

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, 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.

Financial Statement Findings

Finding No. 2018-001

Condition:

The School District's Food Service Fund Net Cash Resources exceeded its three months' average expenditures by \$39,062.51

Current Status:

This finding has not been corrected.

Finding No. 2018-002

Condition:

Claims for payments were not in compliance with N.J.S.A. 18A:19-1 and school district policy 6470.

Current Status:

This finding has been corrected.

Federal Awards

N/A – No Federal Single Audit in prior year

State Financial Assistance

No Prior Year Findings.