

**SCHOOL DISTRICT  
OF**

**DELRAN  
TOWNSHIP**

**Delran Township Board of Education  
Delran, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual  
Financial Report**

**of the**

**Delran Township Board of Education**

**Delran, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

**Prepared by  
Delran Township Board of Education  
Finance Department**

# DELRAN TOWNSHIP SCHOOL DISTRICT

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**Introductory Section**

**DELRAN TOWNSHIP BOARD OF EDUCATION**  
**52 Hartford Road**  
**Delran, New Jersey 08075**

*Dr. Brian Brotschul, Superintendent*  
*Mr. Paul Whitman, Interim Business Administrator/Board Secretary*  
*Dr. Lisa Della Vecchia, Director of Student Services*  
*Mrs. Kari McGann-Director of Curriculum & Instruction*

October 20, 2017

Honorable President and  
Members of the Board of Education  
Delran Township School District  
Delran, NJ 08075

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Delran Township School District for the fiscal year ended June 30, 2017 is hereby submitted. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of federal regulations, cost principals, and audit requirements for federal award (uniform guidance): and the State of New Jersey Circular OMB15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Delran School District is an independent reporting entity within the criteria adopted by the GASB as established by

NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Delran Public Schools and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular vocational as well as special education or handicapped youngsters. The District completed the 16-17 fiscal year with an average daily enrollment of 2,982 students, which is 38 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last 10 years.

Average Daily Enrollment			
Fiscal Year	Student Enrollment		Percent Change
2016-2017	2,982		-1.26%
2015-2016	3,020		1.38%
2014-2015	2,979		0.78%
2013-2014	2,956		4.16%
2012-2013	2,838		-4.86%
2011-2012	2,983		2.37%
2010-2011	2,914		-0.72%
2009-2010	2,935		1.52%
2008-2009	2,891		1.12%
2007-2008	2,859		1.60%

## 2) ECONOMIC CONDITION AND OUTLOOK:

There was no noticeable residential or commercial growth during the year. Enrollment decreased by 38 students following an increase in the previous year.

During the spring of 2016 a model home in one of the newly approved developments was constructed just off of Hartford Road. Approximately 8 other homes in this development have been constructed to date. No work has begun on the development bordering Hartford and Bridgeboro Roads. A third development, along Hartford Road, no work has commenced. These lots are the last remaining buildable properties in Delran.

## 3) MAJOR INITIATIVES:

The District finalized and executed an Energy Savings Improvement Project (ESIP) and the Solar Power Purchase Agreement (PPA). The ESIP consists of new LED lighting in two of the District's schools, the ones that did not receive new lighting just prior to or during the recent referendum. Also included are new digital HVAC controls and new unit ventilators in many classrooms. The PPA includes solar panels on all four school



buildings and two ground mounts as well, one at the High School and the other at the Intermediate School. The PPA will produce 70% of the District's electric requirement.

The district is heavily engaged in activities related to Science, Technology, Engineering, Arts and Math (STEAM). As such, the district receives support from the Overdeck Foundation for technical assistance in this area. We have partnered with a dozen local and semi-local organizations in this area and are aggressively pursuing the development of formalized programs.

The district is engaged in an examination of the curriculum program in all areas of STEAM, robotics and sustainability. This has resulted in continued professional development opportunities that have been funded by the Board and grant sources. The district has also increased its programs in the arts, as well. Currently we have expanded the offerings at the intermediate school, funding an after school club, which is in addition to the programs at the 6-12 level. An after school club was also instituted at our elementary school.

The district is in year two of its sustainability project managers at each school. These initiatives are also coupled with the influx of a new mandated curricula in the area of science, called Next Generation Science Standards which we are implementing with fidelity K-12.

In the area of professional staff evaluation, the district is in year two of its implementation of the Marshall Evaluation Rubric. This evaluation model is oriented towards the practitioner instead of the data side of evaluation.

In literacy, the district continues to implement the Readers Workshop model from Teachers' College at the K-8 level. The district has supported professional development, curricula drafting and the funding of a literacy coach in order to see this work through.

As our English language learner and special education populations have increased, we continue implementing programs that incorporate assistive technology as well as Universally Designed Differentiated Instructional practices in order to support our most at risk learners. This has allowed us to aggressively pursue opportunities for Least Restrictive Environments for special education students.

The district continues to implement Positive Behavior Supports in Schools for all students, with a particular focus on students who require additional behavioral supports. Lastly, we have begun formalizing our processes in the area of transitional services for students up to the age of 21, as appropriate.

The district continues to engage with the community in a host of ways. The Delran Education Foundation was established by local residents and has funded \$37,000 in

education programming in the area of STEAM. The district is establishing parent feedback protocols for each school, as well as the district level in order to assess our progress and development of our mission for a five year plan.

In the area of business and operations, the district I focused on understanding the demographic report as well as the execution of feasibility studies for DIS, Millbridge and the athletic complex at DHS. The district is heavily involved in the development of formalized partnerships for in order to fund programs at all schools.

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations 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 assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

**6) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governments Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are

explained "Notes to the Financial Statements", Note 1.

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

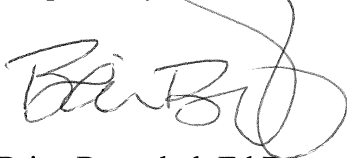
**8) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

**9) OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Inverso and Stewart, LLC, performs the annual statutory audit of the Delran Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance): and State of New Jersey Circular OMB15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

**10) ACKNOWLEDGMENTS:** We would like to express our appreciation to the staff of the Delran Public Schools for their concern in providing fiscal accountability to the citizens and taxpayers of the district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the support staff employed in the Business Office.

Respectfully submitted,



Brian Brotschul, Ed.D.  
Superintendent



Paul Whitman  
Interim Board Secretary/Business Administrator



**DELRAN BOARD OF EDUCATION  
DELRAN, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2017**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Glenn Kitley, President	2018
Joseph Biluck, Jr., Vice-President	2017
Ingar Blossfelds	2019
Mark Chierici	2019
Mary Melvin	2017
Mark Oberg	2018
Melanie Goodwin Ogozalek	2019
Amy Rafanello	2018
Eileen Wachter	2017

**Other Officials**

Dr. Brian Brotschul, Superintendent  
Christopher Russo, Ed.D. Board Secretary &  
School Business Administrator  
Dorothea Jones, Treasurer  
Jonathan Busch, Solicitor

**DELRAN TOWNSHIP SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

Inverso & Stewart, LLC  
651 Route 73 North, Suite 402  
Marlton, NJ 08053

**Attorney**

Busch Law Group  
405 Main Street  
Metuchen, NJ 08840

**Architect**

KDA Architects  
277 Laurel Road  
Voorhees, NJ 08043

**Official Depository**

TD Bank  
1050 South Chester Avenue  
Delran, NJ 08075

**Financial Section**

***INVERSO & STEWART, LLC***  
Certified Public Accountants

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-Member of-  
American Institute of CPAs  
New Jersey Society of CPAs

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and Members  
of the Board of Education  
Delran Township School District  
County of Burlington  
Delran, New Jersey

***Report on the Financial Statements***

I 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 Delran Township School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, 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***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that I 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 School 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 School District's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.



## *Opinions*

In my 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 Delran Township School District, in the County of Burlington, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal 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, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District's contributions, 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. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delran Township 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 Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedules of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit 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, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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 and statistical sections 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, I do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated October 20, 2017 on my consideration of the Delran Township School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Delran Township School District's internal control over financial reporting and compliance.

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant No. CS001095

Marlton, New Jersey  
October 20, 2017

***INVERSO & STEWART, LLC***  
Certified Public Accountants

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New Jersey Society of CPAs

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and Members  
of the Board of Education  
Delran Township School District  
County of Burlington  
Delran, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 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 Delran Township School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated October 20, 2017.

***Internal Control Over Financial Reporting***

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Delran Township School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances 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 which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as findings no: 2017-001 and 2017-002.

***The Delran Township School District's Response to Findings***

The Delran Township School District's response to the findings identified in my 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, I express no opinion on it.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of my 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.

***INVERSO & STEWART, LLC***

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey

October 20, 2017

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Delran Township School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

As management of the Board of Education of the Township of Delran, 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, 2017. 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.

**Financial Highlights**

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$2,484,686 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$10,214,670. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, the June state aid payments, and the state statute that prohibits school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District decreased by \$3,545,063 or an 58.79% decrease from the prior fiscal year-end balance. The majority of the decrease is attributable to the results of operations in the General Fund and repayment of long term debt obligations.
- Fund balance of the School District's governmental funds increased by \$1,140,768 resulting in an ending fund balance of \$4,522,364. The majority of the increase is attributable to the results of operations in the General Fund.
- Business-type activities have unrestricted net position of \$516,167 which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations increased by \$6,047,279 which is the result of principal payments on debt obligations, the decrease of compensated absences, the acquisition of a new capital lease and the increases in net pension liability.

**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) District-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.

**District-wide Financial Statements**

The *district-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 district-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities 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 expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-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 all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities include the Food Service Fund.

### **Fund Financial Statements**

*Fund financial statements* are designed to demonstrate compliance with finance-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*.

*Governmental funds* account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-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 financing 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 four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects 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 district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's enterprise fund (Food Service Fund) is considered to be a major fund.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-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.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

### **District-wide Financial Analysis**

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2018. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2017.

The assets of the primary government activities exceeded liabilities by \$1,715,232 with an unrestricted deficit balance of \$10,214,670. The net position of the primary government does not include internal balances.

A net investment of \$7,826,573 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 2,982 public school students. Net position of \$1,318,594 has been restricted to provide resources for future capital expansion and renovation projects while \$2,151,805 has been restricted for budget appropriation, \$156,325 is reserved for maintenance, \$38,111 is reserved for future debt service, and \$85,602 has been restricted for encumbrances.

As mentioned earlier, deficit unrestricted net position is primarily due to the accounting treatment for compensated absences payable, net pension liability and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.



**Delran Township School District  
Comparative Summary of Net Position  
As of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
<b>Assets:</b>						
Current assets	\$ 4,813,186	\$ 3,642,748	\$ 543,106	\$ 515,822	\$ 5,356,292	\$ 4,158,570
Capital assets	<u>37,216,843</u>	<u>37,890,473</u>	<u>253,287</u>	<u>236,411</u>	<u>37,470,130</u>	<u>38,126,884</u>
Total assets	<u>42,030,029</u>	<u>41,533,221</u>	<u>796,393</u>	<u>752,233</u>	<u>42,826,422</u>	<u>42,285,454</u>
Deferred Outflows of Resources	<u>6,005,004</u>	<u>3,703,232</u>			<u>6,005,004</u>	<u>3,703,232</u>
<b>Liabilities:</b>						
Current Liabilities	3,299,363	2,532,258	26,939	99,121	3,326,302	2,631,379
Noncurrent Liabilities	<u>42,995,706</u>	<u>37,144,395</u>			<u>42,995,706</u>	<u>37,144,395</u>
Total liabilities	<u>46,295,069</u>	<u>39,676,653</u>	<u>26,939</u>	<u>99,121</u>	<u>46,322,008</u>	<u>39,775,774</u>
Deferred Inflows of Resources	<u>24,732</u>	<u>183,163</u>			<u>24,732</u>	<u>183,163</u>
Net position	<u>\$ 1,715,232</u>	<u>\$ 5,376,637</u>	<u>\$ 769,454</u>	<u>\$ 653,112</u>	<u>\$ 2,484,686</u>	<u>\$ 6,029,749</u>
Net position consist of:						
Net investment in						
Capital assets	\$ 7,573,286	\$ 10,878,711	\$ 253,287	\$ 236,411	\$ 7,826,573	\$ 11,115,122
Restricted net position	4,356,616	3,255,945			4,356,616	3,255,945
Unrestricted net position	<u>(10,214,670)</u>	<u>(8,758,019)</u>	<u>516,167</u>	<u>416,701</u>	<u>(9,698,503)</u>	<u>(8,341,318)</u>
Net position	<u>\$ 1,715,232</u>	<u>\$ 5,376,637</u>	<u>\$ 769,454</u>	<u>\$ 653,112</u>	<u>\$ 2,484,686</u>	<u>\$ 6,029,749</u>

**Governmental Activities**

Governmental activities decreased the net position of the School District during the current fiscal year. Key elements of the decrease in net position for governmental activities are as follows:

- Long term debt increase of \$6,047,279.
- Capital assets had a net decrease of \$673,630.

**Business-type Activities**

Business-type activities increased the School District's net position slightly. Key elements of the increase in net position for business-type activities are as follows:

- The Food Services Fund had a net gain of \$116,342 for this fiscal year.

**Delran Township School District**  
**Comparative Schedule of Changes in Net Position**  
**As of and for the Fiscal Year Ended June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for services	\$ -	\$ -	\$ 766,428	\$ 753,121	\$ 766,428	\$ 753,121
Operating grants and Contributions	6,581,335	7,183,901	558,267	546,300	7,139,602	7,730,201
<b>General Revenues:</b>						
Property Taxes	32,879,829	31,395,883			32,879,829	31,395,883
Unrestricted State Aid	12,126,123	11,964,625			12,126,123	11,964,625
Tuition	111,891	119,734			111,891	119,734
Other Revenues	245,951	136,753		60,936	245,951	197,689
<b>Total Revenues</b>	<b>51,945,129</b>	<b>50,800,896</b>	<b>1,324,695</b>	<b>1,360,357</b>	<b>53,269,824</b>	<b>52,161,253</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	19,860,504	19,115,506			19,860,504	19,115,506
Tuition	2,496,063	2,154,434			2,496,063	2,154,434
Related Services	5,248,989	5,736,278			5,248,989	5,736,278
Administrative Services	2,870,175	2,857,639			2,870,175	2,857,639
Operations and Maintenance	8,265,197	5,640,717			8,265,197	5,640,717
Transportation	2,042,307	2,128,031			2,042,307	2,128,031
Employee Benefits	13,951,781	12,469,191			13,951,781	12,469,191
Interest on long-term Debt	794,684	959,055			794,684	959,055
Other	76,834	25,715			76,834	25,715
<b>Business-Type Activities:</b>						
Food Service Operations			1,208,353	1,275,494	1,208,353	1,275,494
<b>Total Expenses</b>	<b>55,606,534</b>	<b>51,086,566</b>	<b>1,208,353</b>	<b>1,275,494</b>	<b>56,814,887</b>	<b>52,362,060</b>
<b>Increase (decrease) in net</b>						
Assets before transfers	(3,661,405)	(285,670)	116,342	84,863	(3,545,063)	(200,807)
Transfers						
<b>Changes in net position</b>	<b>(3,661,405)</b>	<b>(285,670)</b>	<b>116,342</b>	<b>84,863</b>	<b>(3,545,063)</b>	<b>(200,807)</b>
Net position, July 1,	5,376,637	5,662,307	653,112	568,249	6,029,749	6,230,556
<b>Net position, June 30,</b>	<b>\$ 1,715,232</b>	<b>\$ 5,376,637</b>	<b>\$ 769,454</b>	<b>\$ 653,112</b>	<b>\$ 2,484,686</b>	<b>\$ 6,029,749</b>

## **Financial Analysis of the Governmental Funds**

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds* - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$4,522,364 an increase of \$1,140,768 in comparison with the prior year. Most of this increase is the result of operations in the General Fund.

The unreserved fund balance for the School District at the end of the fiscal year includes a combination of an unreserved fund balance for the General Fund of \$165,748, \$478,709 for the Capital Projects Fund and \$127,470 for the Debt Service Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures \$1,318,594, 2) appropriated as a revenue source in the subsequent year's budget \$1,460,879, 3) reserved for excess surplus in accordance with state statute \$729,037, 4) reserved for encumbrances \$85,602, 5) or reserved for maintenance \$156,325.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unreserved fund balance is due, primarily, to the accounting treatment of the June state aid payments and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

## **General Fund Budgetary Highlights**

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$1,242,918, while total fund balance (budgetary basis) was \$4,907,896. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$51,721,575. Unreserved fund balance (budgetary basis) represents 2.40% of expenditures while total fund balance (budgetary basis) represents 9.48% of that same amount.

## **Capital Asset and Debt Administration**

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2016, totaled \$38,126,884 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$832,396, or a 2.14% decrease. The decrease is due to depreciation less current year additions.

**Delran Township School District**  
**Capital Asset (net of accumulated depreciation)**  
**June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
Construction in Progress	\$ 25,198,232	\$ 25,198,232	\$ -	\$ -	\$ 25,198,232	\$ 25,198,232
Buildings and Building Improvements	11,616,621	12,284,663			11,616,621	12,284,663
Equipment	401,990	407,578	253,287	236,411	655,277	643,989
Net position	<u>\$ 37,216,843</u>	<u>\$ 38,784,490</u>	<u>\$ 253,287</u>	<u>\$ 236,411</u>	<u>\$ 37,470,130</u>	<u>\$ 38,126,884</u>

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.

*Long-term debt* – During the fiscal year ended June 30, 2017, the School District had total bonded debt outstanding of \$25,385,000. Additionally, the School District has long-term obligations for capital leases in the amount of \$4,934,595, \$910,912 in compensated absences, and \$13,002,310 in net pension liability.

General obligation bonds for the School District decreased during the current fiscal year according to the normal schedule of payments.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$59,979,326 and the available borrowing capacity was \$34,594,326.

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.

**Economic Factors and Next Year's Budgets and Rates**

The following factors were considered and incorporated into the preparation of the School District's budget for the 2017-18 fiscal year.

- For the 2017-18 fiscal year the School District will be receiving an increase in state aid. The local tax levy in the General Fund increased by \$616,087 or 42.00%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2017-18 General Fund Budget is \$748,299 greater than the previous year or a 1.71% increase. The district tax rate increased from \$2.29 in 2016 to \$2.35 in 2017.

### **For the Future**

The Delran Township School District is in very good financial condition presently. However, a major concern is maintaining aging buildings of the district with an increased reliance on local property taxes as state aid has remained stagnant. Delran Township is primarily a residential community, with very few large ratables; thus the burden is focused on homeowners to share the tax burden.

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

### **Requests for Information**

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 the Delran School District Business Administrator, 52 Hartford Rd., Delran, New Jersey, 08075.

**Basic Financial Statements**

District-Wide Financial Statements

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2017**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,531,542	\$ 507,526	\$ 2,039,068
Receivables, net	1,806,725	23,602	1,830,327
Inventory		11,978	11,978
Restricted assets:			
Restricted cash and cash equivalents	1,474,919		1,474,919
Capital assets, net (Note 5)	37,216,843	253,287	37,470,130
Total assets	<u>42,030,029</u>	<u>796,393</u>	<u>42,826,422</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred loss on Defeasance	1,696,860		1,696,860
Deferred outflows of resources from pensions	4,308,144		4,308,144
Total Deferred outflows of resources	<u>6,005,004</u>	<u>-</u>	<u>6,005,004</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>48,035,033</u>	<u>796,393</u>	<u>48,831,426</u>
<b>LIABILITIES:</b>			
Accounts payable			
Related to pensions	387,473		387,473
Other	86,993	8,730	95,723
Payable to state government	89,938		89,938
Unearned revenue	113,891	18,209	132,100
Accrued interest	363,135		363,135
Noncurrent liabilities:			
Due within one year	2,257,933		2,257,933
Due beyond one year	42,995,706		42,995,706
Total liabilities	<u>46,295,069</u>	<u>26,939</u>	<u>46,322,008</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows of resources from pensions	24,732		24,732
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>46,319,801</u>	<u>26,939</u>	<u>46,346,740</u>
<b>NET POSITION:</b>			
Net investment in capital assets	7,573,286	253,287	7,826,573
Restricted for:			
Debt Service Fund	165,581		165,581
Capital Projects	1,844,651		1,844,651
Other purposes	2,346,384		2,346,384
Unrestricted	<u>(10,214,670)</u>	<u>516,167</u>	<u>(9,698,503)</u>
Total Net Position	<u>\$ 1,715,232</u>	<u>\$ 769,454</u>	<u>\$ 2,484,686</u>

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



**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 14,271,786	\$ -	\$ 410,854	\$ (13,860,932)	\$ -	\$ (13,860,932)
Special education	4,348,323		602,504	(3,745,819)		(3,745,819)
Other instruction	1,240,395			(1,240,395)		(1,240,395)
Support Services:						
Tuition	2,496,063			(2,496,063)		(2,496,063)
Student & instruction related services	5,248,989		253,152	(4,995,837)		(4,995,837)
General administrative services	617,782			(617,782)		(617,782)
School administrative services	1,536,303			(1,536,303)		(1,536,303)
Central services	716,090			(716,090)		(716,090)
Plant operations and maintenance	8,265,197			(8,265,197)		(8,265,197)
Pupil transportation	2,042,307			(2,042,307)		(2,042,307)
Employee benefits	13,951,781		4,910,976	(9,040,805)		(9,040,805)
Interest on long-term debt	794,684		403,849	(390,835)		(390,835)
Unallocated depreciation and amortization	76,834			(76,834)		(76,834)
Total governmental activities	<u>55,606,534</u>		<u>6,581,335</u>	<u>(49,025,199)</u>		<u>(49,025,199)</u>
Business-type activities:						
Food Service	1,208,353	766,428	558,267		116,342	116,342
Total business-type activities	<u>1,208,353</u>	<u>766,428</u>	<u>558,267</u>		<u>116,342</u>	<u>116,342</u>
Total primary government	<u>\$ 56,814,887</u>	<u>\$ 766,428</u>	<u>\$ 7,139,602</u>	<u>\$ (49,025,199)</u>	<u>\$ 116,342</u>	<u>\$ (48,908,857)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				30,804,368		30,804,368
Taxes levied for debt service				2,075,461		2,075,461
Federal and state aid not restricted				12,126,123		12,126,123
Tuition Revenue				111,891		111,891
Contributed Capital						-
Miscellaneous income				245,951		245,951
Total general revenues, special items, extraordinary items and transfers				<u>45,363,794</u>	<u>-</u>	<u>45,363,794</u>
Change in Net Position				(3,661,405)	116,342	(3,545,063)
Net Position--July 1				5,376,637	653,112	6,029,749
Net Position--June 30				<u>\$ 1,715,232</u>	<u>\$ 769,454</u>	<u>\$ 2,484,686</u>

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

Fund Financial Statements

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

<b>ASSETS</b>	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 936,513	\$ -	\$ 429,448	\$ 165,581	\$ 1,531,542
Receivables, net	604,796	896,736	302,451		1,803,983
Interfund receivables, net	925,118	14,610	39,294		979,022
Restricted cash and cash equivalents	1,474,919				1,474,919
<b>Total assets</b>	<b><u>\$ 3,941,346</u></b>	<b><u>\$ 911,346</u></b>	<b><u>\$ 771,193</u></b>	<b><u>\$ 165,581</u></b>	<b><u>\$ 5,789,466</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	56,716	30,277			86,993
Intergovernmental payable:					
State		89,938			89,938
Interfund payables	53,904	677,240	245,136		976,280
Unearned revenues		113,891			113,891
<b>Total liabilities</b>	<b><u>110,620</u></b>	<b><u>911,346</u></b>	<b><u>245,136</u></b>		<b><u>1,267,102</u></b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Excess surplus	729,037				729,037
Excess surplus - designated for subsequent year's expenditures	747,768				747,768
Maintenance reserve	156,325				156,325
Capital reserve	1,318,594				1,318,594
<b>Assigned to:</b>					
Year-end encumbrances	38,254		47,348		85,602
Subsequent year's expenditures	675,000			38,111	713,111
Unassigned	165,748		478,709	127,470	771,927
<b>Total fund balances</b>	<b><u>3,830,726</u></b>		<b><u>526,057</u></b>	<b><u>165,581</u></b>	<b><u>4,522,364</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 3,941,346</u></b>	<b><u>\$ 911,346</u></b>	<b><u>\$ 771,193</u></b>	<b><u>\$ 165,581</u></b>	

## Unreserved

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 \$61,017,185 and the accumulated depreciation is \$23,800,342. 37,216,843

Deferred Loss on Defeasance 1,696,860

Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds. (363,135)

Accounts payable related to the April 1, 2018 required PERS contribution that is not to be liquidated with current financial resources. (387,473)

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred Outflows of Resources from Pensions	4,308,144	
Net Pension Liability	(13,002,310)	
Deferred Inflows of Resources from Pensions	(24,732)	(8,718,898)

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

General Obligation Bonds	(25,385,000)	
Bond Premium	(1,020,822)	
Capital Lease Payable	(4,934,595)	
Compensated Absences Payable	(910,912)	(32,251,329)

Net position of governmental activities **\$ 1,715,232**

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

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**for the Fiscal Year Ended June 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 30,804,368	\$ -	\$ -	\$ 2,075,461	\$ 32,879,829
Tuition charges	111,891				111,891
Transportation	31,791				31,791
Miscellaneous	205,310			8,850	214,160
Total revenues-local sources	31,153,360			2,084,311	33,237,671
Local sources		14,585			14,585
State sources	16,959,953	232,888		403,849	17,596,690
Federal sources	61,560	1,034,623			1,096,183
Total revenues	48,174,873	1,282,096		2,488,160	51,945,129
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	13,321,465	410,854			13,732,319
Special education instruction	3,745,819	602,504			4,348,323
Other instruction	1,240,395				1,240,395
Support services and undistributed costs:					
Tuition	2,496,063				2,496,063
Student & instruction related services	4,995,837	253,152			5,248,989
General administrative services	617,782				617,782
School administrative services	1,457,422				1,457,422
Central services	513,663				513,663
Admin. Info. Tech	202,427				202,427
Plant operations and maintenance	3,878,332				3,878,332
Pupil transportation	2,042,307				2,042,307
Unallocated employee benefits	12,580,744	15,586			12,596,330
Capital outlay	4,629,319				4,629,319
Debt service:					
Principal				1,720,000	1,720,000
Interest and other charges				640,690	640,690
Total expenditures	51,721,575	1,282,096		2,360,690	55,364,361
Excess (deficiency) of revenues over (under) expenditures	(3,546,702)			127,470	(3,419,232)
Other Financing Sources (Uses):					
Proceeds of capital lease	4,560,000				4,560,000
Transfers in					
Transfers out					
Total other financing sources (uses)	4,560,000				4,560,000
Net change in fund balance	1,013,298			127,470	1,140,768
Fund balances, July 1	2,817,428		526,057	38,111	3,381,596
Fund balances, June 30	\$ 3,830,726	\$ -	\$ 526,057	\$ 165,581	\$ 4,522,364

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

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**for the Fiscal Year Ended June 30, 2017**

Total net change in fund balances - governmental funds (from B-2)		\$ 1,140,768
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p style="margin-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on 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 outlay in the current fiscal year.</p>		
Depreciation expense	\$ (788,806)	
Disposal of assets		
Capital outlay	115,176	(673,630)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		1,816,366
Deferred loss on refunding arising from the issuance of the refunding school bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.		(133,760)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		245,599
The proceeds of a capital lease are an other financing source of revenue in the governmental funds funds but are not report in the statement of activities.		(4,560,000)
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		(1,355,451)
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition to the reconciliation.		(153,994)
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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		12,697
Change in net position of governmental activities		\$ (3,661,405)

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

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	<b>Business-type Activities Enterprise Funds</b>
	Food Service Program
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ 507,526
Accounts receivable	23,602
Inventories	11,978
Total current assets	543,106
Noncurrent assets:	
Equipment	748,917
Less accumulated depreciation	(495,630)
Total noncurrent assets	253,287
Total assets	\$ 796,393
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts Payable	8,730
Unearned revenue	18,209
Total liabilities	26,939
 <b>NET POSITION</b>	
Net investment in capital assets	253,287
Unrestricted	516,167
Total net position	\$ 769,454

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

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**for the Fiscal Year Ended June 30, 2017**

	<b>Business-type Activities Enterprise Funds</b>
	Food Service Program
<b>Operating revenues:</b>	
Charges for services:	
Daily sales-reimbursable programs	\$ 403,841
Daily sales-non-reimbursable programs	362,587
	766,428
<b>Operating expenses:</b>	
Salaries	427,628
Benefits	80,680
Supplies and materials	39,357
Depreciation	31,079
Management fee	75,401
Repairs and maintenance of equipment	27,869
Cost of sales - reimbursable programs	394,953
Cost of sales - nonreimbursable programs	97,716
Direct expenses	33,605
Other expenses	65
	1,208,353
Total operating expenses	1,208,353
Operating income (loss)	(441,925)
<b>Nonoperating revenues (expenses):</b>	
State sources:	
State school lunch program	11,585
Federal sources:	
National school lunch program	361,561
National school breakfast program	73,220
U.S.D.A. commodities	111,901
Contributed capital	
	558,267
Total nonoperating revenues (expenses)	558,267
Change in net position	116,342
Net position- July 1	653,112
Net position - June 30	\$ 769,454

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

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the Fiscal Year Ended June 30, 2017**

	<b>Business-type Activities</b>
	<b>Enterprise Funds</b>
	Food Service Program
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 772,247
Payments to employees	(508,308)
Payments to suppliers	(633,310)
Net cash used for operating activities	(369,371)
<b>Cash flows from noncapital financing activities:</b>	
State sources	11,654
Federal sources	435,554
Net cash provided by non-capital financing activities	447,208
<b>Cash flows from capital activities:</b>	
Purchases of fixed assets	(47,955)
Net cash used for capital activities	(47,955)
<b>Cash flows from investing activities:</b>	
Interest and dividends	-
Net cash provided by investing activities	-
Net increase in cash and cash equivalents	29,882
Balances - July 1	477,644
Balances - June 30	\$ 507,526
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (441,925)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	31,079
Federal commodities	111,901
(Increase) decrease in accounts receivable	3,895
(Increase) decrease in inventories	(2,139)
Increase (decrease) in accounts payable	1,923
Increase (decrease) in unearned revenue	(74,105)
Total adjustments	72,554
Net cash provided by (used for) operating activities	\$ (369,371)

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



**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	Unemployment Compensation Trust	Agency Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 131,017	\$ 523,299
Interfund		
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 131,017</u>	<u>\$ 523,299</u>
<b>LIABILITIES:</b>		
Accounts payable	\$ 1,749	\$ -
Interfund payable		2,742
Payroll deductions and withholdings		219,508
Net payroll		
Due to student groups		301,049
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>1,749</u>	<u>\$ 523,299</u>
<b>NET POSITION:</b>		
Held in trust for unemployment claims and other purposes	<u>\$ 129,268</u>	

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

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Change in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2017**

	Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Employee contributions	\$ 39,065
Board contribution	
Total Contributions	39,065
Investment earnings:	
Interest	
Net investment earnings	
Total additions	39,065
DEDUCTIONS:	
Unemployment claims	51,664
Total deductions	51,664
Change in Net Position	(12,599)
Net Position - July 1	141,867
Net Position - June 30	\$ 129,268

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

**Delran Township School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Delran Township School District (District) is a Type II school district located in Burlington County, New Jersey and covers an area of approximately 7.5 square miles. As a Type II school district, it 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 member's terms expire each year. The purpose of the District is to provide educational services for all of Delran's students in grades K through 12. The Delran School District has an approximate enrollment at June 30, 2017 of 2,982 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control.

**Component Units** – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide 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 Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Basis of Presentation**

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

The School District's basic financial statements consists of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Statements** - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide Statements (Continued)** -The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

**General Fund** - The general fund is the general operating fund of the School 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 classified in the capital outlay sub-fund.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those which 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.

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Proprietary Funds** - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Proprietary Funds (Continued)**

**Enterprise Funds** – The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's enterprise fund is:

**Food Service Fund** - This fund accounts for the financial transactions related to the food service operations of the School District.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into investment in capital assets, net of related debt, and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

**Fiduciary Funds** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: trust funds and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has four fiduciary funds; an unemployment compensation trust fund, a private purpose scholarship fund, a student activity fund, and a payroll fund.

**Measurement Focus**

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position.

**Fund Financial Statements** – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus (Continued)**

**Fund Financial Statements (Continued)** - Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days after fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as unearned revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets/Budgetary Control** - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for their approval. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23A-16.2(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:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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 accounting as presented in the general fund budgetary comparison schedule 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 balances – governmental funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the one or more June 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. Encumbrances are a component of fund balance at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected in the balance sheet as unearned revenues at fiscal year end.

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

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

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

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash, Cash Equivalents and Investments (Continued)** - N.J.S.A. 17:9-41et 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 Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 Receivable** - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2017 and 2016 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

**Inventories** - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis. The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements. Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

**Prepaid Expenses** - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

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

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 period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Short-Term Interfund Receivables / Payables** - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Capital Assets** - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position.



**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets (Continued)** - All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land and Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 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 School 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 School 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 absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

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

**Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities, and long-term obligations are reported on 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, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid 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. Bonds are recognized as a liability on the fund financial statements when due.

**Bond Discount and Bond Premium** - Bond discount and bond premium arising from the issuance of the general obligation bonds are recorded as liabilities. They are amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. Bond discount and bond premium are presented as an adjustment of the face amount of the bonds.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Restricted** - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or law 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.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

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

**Nonspendable** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2017.

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

**Committed** - This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

**Assigned** - This fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

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

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

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Operating and Non-Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

**Interfunds** – Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

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

**Recently Issued Accounting Pronouncements** - In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 30, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In March 2016, the GASB issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Furthermore, this Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. Also, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Issued Accounting Pronouncements (Continued)** In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In March 2017, the GASB issued Statement 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In May 2017, the GASB issued Statement 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC).

Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$6,319,313 as of June 30, 2017, \$250,000 was insured under FDIC and the remaining balance of \$6,069,313 was collateralized under GUDPA.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**3. CAPITAL RESERVE ACCOUNT**

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 New Jersey Department of Education, 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 fiscal 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 to 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.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Balance – July 1, 2016	\$	518,594
Increased by:		
Transfer by Board Resolution	\$ 800,000	
Interest Earned		800,000
		1,318,594
Decreased by:		
Budgeted Withdrawal		_____
Balance – June 30, 2017	\$	1,318,594

The June 30, 2017 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

**4. ACCOUNTS RECEIVABLES**

Accounts receivables at June 30, 2017 consisted of accounts (fees) and intergovernmental grants. All intergovernmental 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 at June 30, 2017 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Proprietary Fund</b>	<b>Total</b>
State Aid	\$ 483,550	\$ -	\$ 302,451	\$ 472	\$ 786,473
Federal Aid		892,601		20,674	913,275
Other	121,246	4,135	_____	2,456	127,837
Total Accounts Receivable	\$ 604,796	\$ 896,736	\$ 302,451	\$ 23,602,	\$ 1,827,585

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Disposals/ Adjustment</u>	<u>Balance June 30, 2017</u>
<b>Governmental Activities:</b>				
<i>Capital Assets, not being depreciated:</i>				
Construction in Progress	\$ 25,198,232	\$	\$	\$ 25,198,232
Total capital assets, not being Depreciated	<u>25,198,232</u>			<u>25,198,232</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	961,806			961,806
Building and Building Improvements	32,229,838			32,229,838
Machinery and Equipment	<u>2,512,133</u>	<u>115,176</u>		<u>2,627,309</u>
Totals at historical cost	<u>35,703,777</u>	<u>115,176</u>		<u>35,818,953</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(641,354)	(29,530)		(670,884)
Building and Building Improvements	(20,265,627)	(638,512)		(20,904,139)
Equipment	<u>(2,104,555)</u>	<u>(120,764)</u>		<u>(2,225,319)</u>
Totals accumulated depreciation	<u>(23,011,536)</u>	<u>(788,806)</u>		<u>(23,800,342)</u>
Total Capital Assets, being depreciated, net	<u>12,692,241</u>	<u>(673,630)</u>		<u>12,018,611</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,890,473</u>	<u>\$ (673,630)</u>		<u>\$ 37,216,843</u>
 <i>Capital Assets, being depreciated:</i>				
Equipment	\$ 700,962	\$ 47,955	\$	\$ 748,917
Less accumulated depreciation	<u>(464,551)</u>	<u>(31,079)</u>		<u>(495,630)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 236,411</u>	<u>\$ 16,876</u>	<u>\$</u>	<u>\$ 253,287</u>

Depreciation expense in the amount of \$788,806 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 552,164
Administration	78,881
Plant Operations and Maintenance	118,321
Unallocated	<u>39,440</u>
Total	<u>\$ 788,806</u>

**6. INVENTORY**

Inventory in the Proprietary Funds at June 30, 2017 consisted of the following:

	<u>Food Service</u>
Food	\$ 10,504
Supplies	<u>1,474</u>
	<u>\$ 11,978</u>

**Delran Township School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

**7. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2016</u>		<u>Additions</u>		<u>Reductions</u>		<u>Principal Outstanding June 30, 2017</u>		<u>Amount Due Within One Year</u>
Compensated Absences	\$ 923,609	\$	-	\$	12,697	\$	910,912	\$	-
Capital Lease Payable	620,194		4,560,000		245,599		4,934,595		566,567
General Obligation Bonds	27,105,000				1,720,000		25,385,000		1,595,000
Bond Premium	1,117,188				96,366		1,020,822		96,366
Net Pension Liability	<u>9,440,369</u>		<u>3,561,941</u>		<u>                    </u>		<u>13,002,310</u>		<u>                    </u>
	<u>\$ 39,206,360</u>	\$	<u>8,121,941</u>	\$	<u>2,074,662</u>	\$	<u>45,253,639</u>	\$	<u>2,257,933</u>

**Bonds Payable** - Bonds and loans are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are as follows:

2009 School Bonds dated July 15, 2009 in the amount of \$2,470,000 due in annual installments through July 15, 2018 bearing interest rate of 4.00%.

2015 School Refunding Bonds dated October 6, 2015 in the amount of \$1,835,000 due in annual installments through January 15, 2023 bearing interest rates ranging from 2.00% - 4.00%.

2016 School Refunding Bonds dated April 14, 2016 in the amount of \$21,080,000 due in annual installments through July 15, 2029 bearing interest rates ranging from 2.00% - 4.00%.

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,595,000	\$ 768,094	\$ 2,363,094
2019	1,655,000	703,794	2,358,794
2020	1,700,000	642,794	2,342,794
2021	1,765,000	579,693	2,344,693
2022	1,830,000	514,094	2,344,094
2023-2027	10,130,000	1,582,041	11,712,041
2028-2030	<u>6,710,000</u>	<u>262,181</u>	<u>6,972,181</u>
	<u>\$ 25,385,000</u>	<u>\$ 5,052,691</u>	<u>\$ 30,437,691</u>

As of June 30, 2017 the District had no authorized but not issued bonds.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**7. LONG-TERM OBLIGATIONS (CONTINUED)**

**Compensated Absences**

Compensated absences will be paid from the fund from which the employees' salaries are paid.

As of June 30, 2017, the District had the following capital leases:

<u>Equipment</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Brocade Network Switches	July 20, 2017	2.17%	\$ 177,651
Surveillance System	January 26, 2020	1.92%	122,130
Installation of Access Points	July 31, 2020	1.82%	170,664
Chromebooks	July 1, 2018	1.90%	190,222
Energy Savings Imp. Program	March 1, 2032	2.38%	4,560,000

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2017:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 566,567	\$ 163,553	\$ 730,120
2019	498,546	100,602	599,148
2020	310,107	90,109	400,216
2021	297,375	82,956	380,331
2022	271,000	76,017	347,017
2023-2027	1,316,000	288,611	1,604,611
2028-2032	<u>1,675,000</u>	<u>113,264</u>	<u>1,788,264</u>
	<u>\$ 4,934,595</u>	<u>\$ 915,112</u>	<u>\$ 5,849,707</u>

**8. OPERATING LEASES**

At June 30, 2017, the School District had an operating lease agreement in effect for the following:

Copiers

Total operating lease payments made during the year ended June 30, 2017 were \$101,376. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2018	\$ 184,856
June 30, 2019	201,552
June 30, 2020	159,312
June 30, 2021	159,312
June 30, 2022	159,312
June 30, 2023	<u>75,832</u>
Total future minimum lease payments	<u>\$ 940,176</u>



**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**9. PENSION PLANS**

**Description of Plans** – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). IN addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295.

**Teachers' Pension and Annuity Fund (TPAF)**

*Plan Description* - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. 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. The TPAF's designated purpose is to provide retirement, death and disability, and medical benefits to qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

*Vesting and Benefit Provisions* – 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 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.

The following represents the membership tiers for TPAF:

Tier	Definition
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 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 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 their respective tier.

*Contributions* - The contribution requirements of plan members are determined 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, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

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 2016, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2017 was \$1,385,951 and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$1,381,047.

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to 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 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.

At June 30, 2017, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2017, the School District recognized pension expense of \$10,286,197 and revenue of \$10,286,197 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>06/30/16</u>	<u>06/30/15</u>
Collective deferred outflows of resources	\$ 17,414,701,002	\$ 7,521,378,257
Collective deferred inflows of resources	134,532,594	554,399,005
Collective net pension liability (Non-Employer – State of New Jersey)	79,028,907,033	63,577,864,440
State's portion of the net pension liability that was associated with the School District	136,900,894	105,851,685
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.1740272235%	.1674755276%

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

*Actuarial assumptions* – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation: 2.5%  
Salary Increases: Varies based on experience  
Investment Rate of Return: 7.65%

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

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	0.39%
Government Bonds	01.50%	1.28%
Credit Bonds	13.00%	2.76%
Mortgages	02.00%	2.38%
Inflation-Indexed Bonds	01.50%	1.41%
High Yield Bonds	02.00%	4.70%
Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	06.50%	8.16%
Private Real Estate Property	05.25%	3.64%
Timber	01.00%	3.86%
Farmland	01.00%	4.39%
Private Equity	09.00%	8.97%
Commodities	00.50%	2.87%
Hedge Funds – MultiStrategy	05.00%	3.70%
Hedge Funds – Equity Hedge	03.75%	4.72%
Hedge Funds – Distressed	03.75%	3.49%
	<u>100.00%</u>	

*Discount rate.* The discount rate used to measure the State's total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

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 (State of New Jersey) will be made based on the contribution rate in the most recent fiscal year. The state contributed 30% 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, 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.

As such, the proportionate share of the net pension liability as of June 30, 2016, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, 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 (3.13%) or 1 percentage point higher (5.13%) than the current rate:

	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	163,490,261	136,900,894	115,187,244
	\$ 163,490,261	\$ 136,900,894	\$ 115,187,244

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

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

*Plan Description* - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS designated purpose is to provide retirement, death and disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

*Vesting and Benefit Provisions* - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

The following represents the membership tiers for PERS:

Tier	Definition
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 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

Early retirement benefits are available to tier 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 their respective tier.

*Contributions* - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 336, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 13.28% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$390,013 and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$215,742.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

Fiscal Year	Normal Contributions	Adjustment	Accrued Liability	Non Contributory Life	Total Liability Paid by District
2017	\$ 61,006	\$ -	\$ 310,467	\$ 18,540	\$ 390,013
2016	61,210	-	281,971	18,374	361,555
2015	57,987	-	268,237	22,095	348,319

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to 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 fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

At June 30, 2017, the School District reported a liability of \$13,002,310 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The School District's proportion of the of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2017, the School District recognized pension expense of \$1,355,428. At June 30, 2017, the School District reported a liability of \$13,002,310 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 241,804	\$ -
Changes of assumptions	2,693,384	
Net Difference between projected and actual earnings on pension plan investments	495,790	
Changes in proportion	489,693	24,732
District contributions subsequent to the measurement date	387,473	
<b>Total</b>	<b>\$ 4,308,144</b>	<b>\$ 24,732</b>

\$387,473 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows of Resources
2017	\$ 849,889
2018	849,889
2019	967,748
2020	807,687
2021	420,726
<b>Total</b>	<b>\$ 3,895,939</b>

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**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 Outflows of Resources</u>	<u>Deferred Inflows 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	-
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
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
Changes in proportion		
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

**Additional Information**

Collective balances at June 30, 2016 and 2015 are as follows:

	<u>6/30/2016</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	\$ 870,133,595	\$ 993,410,455
Collective net pension liability	\$ 29,617,131,759	\$ 22,447,996,119
District's Proportion	.0439013136%	.0420543940%

*Actuarial assumptions* – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation rate: 3.08%
- Salary Increases:
  - Through 2025: 1.65-4.15% based on age
  - Thereafter: 2.65-5.15% based on age
- Investment Rate of Return: 7.65%

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	00.87%
U.S. Treasuries	01.50%	01.74%
Investment Grade Credit	08.00%	01.79%
Mortgages	02.00%	01.67%
High Yield Bonds	02.00%	04.56%
Inflation Indexed Bonds	01.50%	03.44%
Broad US Equities	26.00%	08.53%
Developed Foreign Equities	13.25%	06.83%
Emerging Market Equities	06.50%	09.95%
Private Equity	09.00%	12.40%
Hedge Funds/Absolute Ret	12.50%	04.68%
Real Estate (Property)	02.00%	06.91%
Commodities	00.50%	05.45%
Global Debt ex US	05.00%	-0.25%
REIT	05.25%	05.63%
	100.00%	

*Discount rate.* The discount rate used to measure the State's total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.



**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

*Discount rate (Continued)* - 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 30% 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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.* The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, 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 (2.98%) or 1 percentage point higher (4.98%) than the current rate:

	<b>1% Decrease (2.98%)</b>	<b>Current Discount Rate (3.98%)</b>	<b>1% Increase (4.98%)</b>
District's proportionate share of the net pension liability	\$ 15,932,813	\$ 13,002,310	\$ 10,582,925

*Pension Plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

***Defined Contribution Retirement Program (DCRP)***

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Year</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2017	\$ 1,499	\$ 1,499
2016	631	631
2015	3,174	3,174

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**10. STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.1 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at:

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

**11. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long term disability insurance were \$1,934,391, \$1,611,788, and \$4,253, respectively. In addition, \$1,344,958 on-behalf payments were made by the state for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**12. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. The District has chosen to purchase insurance to transfer risk to outside parties.

**Property and Liability Insurance** – The District maintains commercial insurance for all risks of loss, including property, liability, employee health, accident insurance and public official surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

A complete schedule of insurance coverage can be found in the "Statistical Section" of this report.

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Business 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.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**12. RISK MANAGEMENT (CONTINUED)**

The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior four years:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Board Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 39,065	\$ -	\$ -	\$ 51,664	\$ 129,268
2015-2016	37,533	-	-	63,888	141,867
2014-2015	47,002			45,780	168,222
2013-2014	35,408			51,821	167,000
2012-2013	33,539		232	80,443	183,413

**13. DEFERRED COMPENSATION**

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

**14. COMPENSATED ABSENCES**

The School 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.

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2017, the liability for compensated absences in the governmental activities was \$910,912.

**15. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2018. The following interfund balances were recorded on the various balance sheets as of June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 925,118	\$ 53,904
Special Revenue	14,610	677,240
Capital Projects	39,294	245,136
Fiduciary		2,742
	<u>\$ 979,022</u>	<u>\$ 979,022</u>

All interfund balances are expected to be paid or collected within the subsequent year.

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**16. CONTINGENCIES**

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2017, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

**17. TAX ABATEMENTS**

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

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.

As of December 31, 2016, the Township of Delran had no tax abatements.

**18. DEFICIT UNRESTRICTED NET POSITION**

As of June 30, 2017, a deficit of \$10,214,670 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

Balances June 30, 2017	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ 165,748
Liabilities:	
Accrued Interest Payable	(363,135)
Net Pension Difference	(9,106,371)
Compensated Absences	<u>(910,912)</u>
Unrestricted Net Position (Deficit)	<u>\$ (10,214,670)</u>

**Delran Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

**19. FUND BALANCES**

*RESTRICTED*

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**General Fund:**

**Excess Surplus** – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict 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, 2017 is \$729,037 presented on the budgetary basis of accounting (Exhibit C-1). In addition, \$747,768 of excess fund balance generated during the 2015-2016 fiscal year has been restricted and designated for utilization in the 2017-2018 budget.

**Capital Reserve** – As of June 30, 2017, the balance in the capital reserve account is \$1,318,594, all of which is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

**Maintenance Reserve Account** – As of June 30, 2017, the balance in the maintenance reserve account is \$156,325. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

*ASSIGNED*

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

**General Fund:**

**Other Purposes** – At June 30, 2017 the School District has \$38,254 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**Designated for Subsequent Year's Expenditures** – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017, \$675,000 of general fund balance.

**Capital Projects Fund:**

**Other Purposes** – At June 30, 2017 the School District has \$47,348 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**Debt Service Fund:**

**Designated for Subsequent Year's Expenditures** – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017, \$38,311 of debt service fund balance.

**Delran Township School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2017**

**19. FUND BALANCES (Continued)**

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

**General Fund** – As of June 30, 2017, \$165,748 of general fund balance was unassigned.

**Capital Projects Fund** – As of June 30, 2017, \$478,709 of capital projects fund balance was unassigned.

**Debt Service Fund** – As of June 30, 2017, \$127,470 of debt service fund balance was unassigned.

**20. LITIGATION**

The District is involved in one legal proceeding. The outcome or potential liability exposure from this litigation is unknown at this time.

Required Supplementary Information - Part II

Budgetary Comparison Schedules



**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 30,804,368	\$ -	\$ 30,804,368	\$ 30,804,368	\$ -
Tuition - Individuals	30,000		30,000	19,658	(10,342)
Tuition - Other LEA's				92,233	92,233
Transportation				31,791	31,791
Capital reserve interest	500		500		(500)
Unrestricted miscellaneous revenue	30,000		30,000	205,310	175,310
<b>Total local sources</b>	<b>30,864,868</b>		<b>30,864,868</b>	<b>31,153,360</b>	<b>288,492</b>
State sources:					
Categorical special education aid	1,736,961		1,736,961	1,736,961	
Equalization aid	9,584,107		9,584,107	9,584,107	
Security aid	88,152		88,152	88,152	
Transportation aid	136,244		136,244	136,244	
Under adequacy aid	14,105		14,105	14,105	
PARCC readiness aid	29,660		29,660	29,660	
Per pupil growth aid	29,660		29,660	29,660	
Professional Learning Community Aid	30,550		30,550	30,550	
Homeless Tuition Aid				20,615	20,615
Extraordinary aid				379,498	379,498
Additional non-public transportation aid				18,096	18,096
On-behalf TPAF pension contributions (non-budgeted)				1,934,391	1,934,391
On-behalf TPAF medical (non-budgeted)				1,611,788	1,611,788
On-behalf TPAF LTDI (non-budgeted)				4,253	4,253
Reimbursed TPAF social security contributions (non-budgeted)				1,344,958	1,344,958
<b>Total state sources</b>	<b>11,649,439</b>		<b>11,649,439</b>	<b>16,963,038</b>	<b>5,313,599</b>
Federal sources:					
ARRA SEMI		4,507	4,507	4,507	
Medicaid reimbursement	47,051		47,051	57,053	10,002
<b>Total federal sources</b>	<b>47,051</b>	<b>4,507</b>	<b>51,558</b>	<b>61,560</b>	<b>10,002</b>
<b>TOTAL REVENUES</b>	<b>42,561,358</b>	<b>4,507</b>	<b>42,565,865</b>	<b>48,177,958</b>	<b>5,612,093</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	671,674	76,924	748,598	748,598	
Grades 1-5	3,735,210	180,547	3,915,757	3,915,757	
Grades 6-8	2,740,616	49,060	2,789,676	2,789,676	
Grades 9-12	4,901,052	(199,029)	4,702,023	4,702,023	
<b>Total Instruction</b>	<b>12,048,552</b>	<b>107,502</b>	<b>12,156,054</b>	<b>12,156,054</b>	
Regular Programs - Home Instruction:					
Salaries of teachers					
	59,000	19,361	78,361	78,361	
Purchased professional - educ services					
	15,000	(1,250)	13,750	11,958	1,792
<b>Total Home Instruction</b>	<b>74,000</b>	<b>18,111</b>	<b>92,111</b>	<b>90,319</b>	<b>1,792</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2017**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	\$ 184,762	\$ (177,398)	\$ 7,364	\$ 7,364	\$ -
Purchased professional - educ services		160,326	160,326	138,026	22,300
Purchased technical services	20,000	13,065	33,065	23,065	10,000
Other purchased services	240,916	3,982	244,898	243,881	1,017
General supplies	624,086	(6,070)	618,016	588,313	29,703
Textbooks	351,538	(262,360)	89,178	57,207	31,971
Other objects	18,550	(774)	17,776	17,236	540
Total Undistributed Instruction	<u>1,439,852</u>	<u>(269,229)</u>	<u>1,170,623</u>	<u>1,075,092</u>	<u>95,531</u>
Total - Regular Programs - Instruction	<u>13,562,404</u>	<u>(143,616)</u>	<u>13,418,788</u>	<u>13,321,465</u>	<u>97,323</u>
Special Educ Instruction: Learning/Lang. Disabilities					
Salaries of teachers	370,363	(9,316)	361,047	361,047	
Other salaries for instruction	77,684	(12,937)	64,747	64,747	-
General supplies	7,000	-	7,000	4,055	2,945
Textbooks	1,500	(141)	1,359		1,359
Total Learning/Language Disabilities	<u>456,547</u>	<u>(22,394)</u>	<u>434,153</u>	<u>429,849</u>	<u>4,304</u>
Special Educ Instruction: Multiple Disabilities					
Salaries of teachers	196,762	13,584	210,346	210,346	
Other salaries for instruction	199,313	(52,284)	147,029	147,029	
General supplies	1,000	-	1,000	995	5
Textbooks	500	8	508	397	111
Total Multiple Disabilities	<u>397,575</u>	<u>(38,692)</u>	<u>358,883</u>	<u>358,767</u>	<u>116</u>
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	2,613,033	2,100	2,615,133	2,615,133	
Other salaries for instruction	50,199	(8,559)	41,640	41,640	
General supplies	19,000	399	19,399	10,676	8,723
Textbooks	1,000	(8)	992		992
Total Resource Room/Resource Center	<u>2,683,232</u>	<u>(6,068)</u>	<u>2,677,164</u>	<u>2,667,449</u>	<u>9,715</u>
Preschool Disabilities - Part-time					
Salaries of teachers	186,529	(378)	186,151	186,151	
Other salaries for instruction	50,735	(11,770)	38,965	38,965	
General supplies	1,000	-	1,000	558	442
Total Preschool Disabilities - Part-time	<u>238,264</u>	<u>(12,148)</u>	<u>226,116</u>	<u>225,674</u>	<u>442</u>
Autism					
Salaries of teachers	58,950	5,130	64,080	64,080	
Total Autism	<u>58,950</u>	<u>5,130</u>	<u>64,080</u>	<u>64,080</u>	
Total Special Education - Instruction	<u>3,834,568</u>	<u>(74,172)</u>	<u>3,760,396</u>	<u>3,745,819</u>	<u>14,577</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers		-			-
Total Bilingual Education - Instruction		<u>-</u>	<u>-</u>	<u>-</u>	
Bilingual Education - Instruction					
Salaries	267,767	3,427	271,194	271,194	
Purchased professional - educational services	12,000	-	12,000		12,000
Total Bilingual Education - Instruction	<u>279,767</u>	<u>3,427</u>	<u>283,194</u>	<u>271,194</u>	<u>12,000</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2017**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Cocurricular Act - Inst.					
Salaries	\$ 217,715	\$ 66,124	\$ 283,839	\$ 283,839	\$ -
Other purchased services	2,500	-	2,500	2,500	
Supplies and materials	20,905	12,670	33,575	29,920	3,655
Other objects	1,060	-	1,060	800	260
Total School-Sponsored Cocurr. Act. - Inst	<u>242,180</u>	<u>78,794</u>	<u>320,974</u>	<u>317,059</u>	<u>3,915</u>
School-Sponsored Athletics - Inst.					
Salaries	406,479	(23,634)	382,845	382,845	
Other purchased services	80,200	6,975	87,175	86,054	1,121
Supplies and materials	55,999	(736)	55,263	54,403	860
Other objects	2,500	-	2,500	1,205	1,295
Total School-Sponsored Athletics - Inst	<u>545,178</u>	<u>(17,395)</u>	<u>527,783</u>	<u>524,507</u>	<u>3,276</u>
Other Supplemental/At Risk Programs - Inst.					
Salaries of Reading Specialists	116,800	10,835	127,635	127,635	
Total Supplemental/At Risk Programs - Inst	<u>116,800</u>	<u>10,835</u>	<u>127,635</u>	<u>127,635</u>	
Undistributed Expenditures - Instruction					
Tuition to other lea's w/i state - regular	57,156	82,693	139,849	126,596	13,253
Tuition to other lea's w/i state - special	133,580	512,763	646,343	639,336	7,007
Tuition to county voc. school dist. - reg.	120,176	(9,744)	110,432	110,432	
Tuition to county voc. school dist. - spl.	48,720	(9,744)	38,976	38,976	
Tuition to CSSD & reg. day schools	268,743	134,802	403,545	334,622	68,923
Tuition to priv. sch. for the disabled w/i state	1,252,555	(27,956)	1,224,599	1,197,503	27,096
Tuition - state facilities					
Tuition - other	183,189	(134,591)	48,598	48,598	
Total Undistributed Expenditures - Instruction	<u>2,064,119</u>	<u>548,223</u>	<u>2,612,342</u>	<u>2,496,063</u>	<u>116,279</u>
Undistributed Expenditures - Attend. and Social Work					
Salaries	49,403	1,829	51,232	51,232	
Supplies and materials	1,200	(1,200)			
Total Undistributed Expenditures - Attendance	<u>50,603</u>	<u>629</u>	<u>51,232</u>	<u>51,232</u>	
Undistributed Expenditures - Health Services					
Salaries	275,932	(3,312)	272,620	272,620	-
Purchased professional and technical services	11,350	5,720	17,070	16,303	767
Supplies and materials	7,300	(1,759)	5,541	4,904	637
Total Undistributed Expenditures - Health Svcs.	<u>294,582</u>	<u>649</u>	<u>295,231</u>	<u>293,827</u>	<u>1,404</u>
Undist. Expend. - Speech, OT, PT, & Rel. Serv.					
Salaries	433,330	(57,174)	376,156	376,156	
Purchased professional and educ. services	20,000	(18,236)	1,764	1,764	
Supplies and materials	2,000	(244)	1,756	1,743	13
Total Undst. Expend. - Speech, OT, PT, & Rel. Serv.	<u>455,330</u>	<u>(75,654)</u>	<u>379,676</u>	<u>379,663</u>	<u>13</u>
Undist. Expend. - Sp. Ed. - Extraordinary Services.					
Salaries	483,479	(41,436)	442,043	442,043	
Total Undst. Expend. - Special Ed.- Extra. Serv.	<u>483,479</u>	<u>(41,436)</u>	<u>442,043</u>	<u>442,043</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2017**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Guidance					
Salaries of other professional staff	\$ 659,455	\$ 14,816	\$ 674,271	\$ 674,271	\$ -
Salaries of secretarial and clerical assistants	158,907	(21,065)	137,842	137,842	-
Other purchased services (400-500)	200	-	200	-	200
Supplies and materials	6,000	(1,625)	4,375	4,343	32
Total Undst. Expend. - Guidance	<u>824,562</u>	<u>(7,874)</u>	<u>816,688</u>	<u>816,456</u>	<u>232</u>
Undist. Expend. - Child Study Teams					
Salaries of other professional staff	685,670	(31,100)	654,570	654,570	-
Salaries of secretarial and clerical assistants	93,322	(290)	93,032	93,032	-
Purchased professional and educ. services	682,700	414,350	1,097,050	1,087,435	9,615
Other purchased services (400-500)	31,500	1,729	33,229	33,229	-
Supplies and materials	21,452	89	21,541	21,075	466
Other objects	3,500	-	3,500	904	2,596
Total Undst. Expend. - Child Study Teams	<u>1,518,144</u>	<u>384,778</u>	<u>1,902,922</u>	<u>1,890,245</u>	<u>12,677</u>
Undist. Expend. - Improvement of Instr. Services					
Salaries of Supervisor of Instruction	130,000	(3,000)	127,000	127,000	-
Salaries of other professional staff	109,178	(28,728)	80,450	80,450	-
Salaries of secretarial and clerical assistants	49,403	391	49,794	49,794	-
Salaries of Facilitators, Math & Literacy Coaches	83,186	(3,437)	79,749	79,749	-
Supplies and materials	8,900	2,188	11,088	10,358	730
Other objects	500	7,120	7,620	7,525	95
Total Undst. Expend. - Improvement of Instr. Services	<u>381,167</u>	<u>(25,466)</u>	<u>355,701</u>	<u>354,876</u>	<u>825</u>
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	454,753	(13,972)	440,781	440,781	-
Salaries of Technology Coordinators	232,373	9,880	242,253	242,253	-
Purchased professional and technical services	5,700	4,270	9,970	9,222	748
Supplies and materials	34,200	(970)	33,230	31,199	2,031
Total Undst. Expend. - Educ. Media Serv./Sch. Library	<u>727,026</u>	<u>(792)</u>	<u>726,234</u>	<u>723,455</u>	<u>2,779</u>
Instructional Staff Training Services					
Salaries of secretarial and clerical assistance	24,119	(17,463)	6,656	6,656	-
Purchased professional and educ. services	5,500	10,488	15,988	15,488	500
Other purchased services (400-500)	30,000	(5,304)	24,696	21,896	2,800
Supplies and materials	-	-	-	-	-
Total instructional Staff Training Services	<u>59,619</u>	<u>(12,279)</u>	<u>47,340</u>	<u>44,040</u>	<u>3,300</u>
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	303,637	9,610	313,247	313,247	-
Legal services	67,000	13,935	80,935	72,615	8,320
Audit Fees	39,000	1,900	40,900	40,900	-
Architectural/Engineering Services	62,000	(6,785)	55,215	30,229	24,986
Other purchased professional services	15,750	-	15,750	4,725	11,025
Purchased technical services	10,000	-	10,000	325	9,675
Communications/Telephone	120,000	-	120,000	97,300	22,700
BOE Other purchased services (400-500)	5,500	-	5,500	1,764	3,736
Other purchased services (400-500)	17,400	-	17,400	14,167	3,233
General supplies	15,000	1,500	16,500	16,119	381
BOE In-House Training/Meeting Supplies	3,200	-	3,200	-	3,200
Miscellaneous expenditures	13,000	(895)	12,105	4,282	7,823
BOE membership dues and fees	22,000	109	22,109	22,109	-
Total Undst. Expend. - Supp. Serv. General Admin.	<u>693,487</u>	<u>19,374</u>	<u>712,861</u>	<u>617,782</u>	<u>95,079</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2017**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	\$ 986,231	\$ (3,201)	\$ 983,030	\$ 983,030	\$ -
Salaries of secretarial and clerical assistants	298,182	33,216	331,398	331,398	
Purchased professional and technical services	64,689	24,950	89,639	79,256	10,383
Other purchased services	2,800	300	3,100	2,800	300
Supplies and Materials	54,830	(2,200)	52,630	49,699	2,931
Other objects	14,596	(1,200)	13,396	11,239	2,157
<b>Total Undst. Expend. - Supp. Serv. School Admin.</b>	<b>1,421,328</b>	<b>51,865</b>	<b>1,473,193</b>	<b>1,457,422</b>	<b>15,771</b>
Undist. Expend. - Central Services					
Salaries	453,555	6,452	460,007	460,007	-
Purchased professional services	31,000	(2,199)	28,801	16,594	12,207
Purchased technical services	21,674	9,340	31,014	28,245	2,769
Misc. purchased services	2,700	-	2,700	650	2,050
Supplies and materials	10,000	-	10,000	6,381	3,619
Other objects	7,500	-	7,500	1,786	5,714
<b>Total Undst. Expend. - Central Services</b>	<b>526,429</b>	<b>13,593</b>	<b>540,022</b>	<b>513,663</b>	<b>26,359</b>
Undist. Expend. - Admin. Info. Tech.					
Salaries	98,000	-	98,000	98,000	
Purchased technical services	25,550	-	25,550	12,447	13,103
Other purchased services	105,771	-	105,771	91,980	13,791
<b>Total Undst. Expend. - Admin. Info. Tech.</b>	<b>229,321</b>	<b>-</b>	<b>229,321</b>	<b>202,427</b>	<b>26,894</b>
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	606,305	(12,413)	593,892	593,892	-
Cleaning, repair, and maintenance services	476,702	(40,570)	436,132	360,469	75,663
General supplies	15,400	-	15,400	2,115	13,285
<b>Total Undst. Expend. - Required Maint. Sch. Facilities</b>	<b>1,098,407</b>	<b>(52,983)</b>	<b>1,045,424</b>	<b>956,476</b>	<b>88,948</b>
Undist. Expend. - Other Oper. & Maint. of Plant					
Salaries	50,526	(5,152)	45,374	45,374	-
Salaries of non-instructional aids	101,202	55,055	156,257	156,257	-
Purchased professional - tech services	29,340	10,600	39,940	35,902	4,038
Cleaning, repair, and maintenance services	1,185,807	(101,031)	1,084,776	1,048,137	36,639
Other purchased property services	58,140	5,745	63,885	63,137	748
Insurance	193,200	6,245	199,445	199,445	-
Miscellaneous purchased services	750	150	900	824	76
General supplies	303,280	102,640	405,920	310,236	95,684
Energy (natural gas)	339,825	(107,598)	232,227	217,967	14,260
Energy (electricity)	791,677	(128,699)	662,978	656,502	6,476
Other objects	1,561	-	1,561	497	1,064
<b>Total Undst. Expend. - Other Oper. &amp; Maint. of Plant</b>	<b>3,055,308</b>	<b>(162,045)</b>	<b>2,893,263</b>	<b>2,734,278</b>	<b>158,985</b>
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	51,126	391	51,517	51,517	
Purchased professional and technical services	160,000		160,000	133,061	26,939
General supplies	10,000		10,000		10,000
<b>Total Undst. Expend. - Care and Upkeep of Grounds</b>	<b>221,126</b>	<b>391</b>	<b>221,517</b>	<b>184,578</b>	<b>36,939</b>
Security					
Purchased professional and technical services	3,200		3,200	3,000	200
<b>Total Undst. Expend. - Oper. &amp; Maint. of Plant Services</b>	<b>4,378,041</b>	<b>(214,637)</b>	<b>4,163,404</b>	<b>3,878,332</b>	<b>285,072</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2017**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Trans. Services					
Salaries for pupil trans (bet home & sch) - reg.	\$ 24,447	\$ 3,578	\$ 28,025	\$ 28,025	\$ -
Salaries for pupil trans (bet home & sch) - sp. ed.	18,020	(1,387)	16,633	16,633	-
Salaries for pupil trans (other than bet home & sch)	2,300	(176)	2,124	2,124	-
Salaries for pupil trans (bet home & sch) - nonpublic sch	6,773	(521)	6,252	6,252	-
Contr. serv. - Aid in Lieu Pymts-nonpub Sch	79,725	(150)	79,575	53,688	25,887
Contr. serv. (bet. home & sch.) - vendors	1,381,070	(70,000)	1,311,070	1,023,064	288,006
Contr. serv. (other than bet. home & sch.) - vendors	172,530	-	172,530	125,147	47,383
Contr. serv. (sp ed stds) - vendors	934,407	(26,965)	907,442	671,945	235,497
Contr. serv. (sp ed stds) - joint agreements	61,996	70,000	131,996	111,444	20,552
Misc. purchased services - transportation	12,480	-	12,480	3,985	8,495
<b>Total Undst. Expend. - Student Trans. Services</b>	<b>2,693,748</b>	<b>(25,621)</b>	<b>2,668,127</b>	<b>2,042,307</b>	<b>625,820</b>
Unallocated Benefits - Employee Benefits					
Social security contributions	401,660	5,947	407,607	406,682	925
Other retirement contributions - PERS	398,841	-	398,841	392,419	6,422
Workmen's Compensation	201,400	18,088	219,488	219,488	-
Health benefits	7,215,146	(697,170)	6,517,976	6,344,710	173,266
Tuition reimbursements	46,500	-	46,500	11,916	34,584
Unused sick payments to terminated/retired staff	-	-	-	-	-
Other Employee Benefits	115,200	204,417	319,617	310,139	9,478
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>8,378,747</b>	<b>(468,718)</b>	<b>7,910,029</b>	<b>7,685,354</b>	<b>224,675</b>
On-behalf TPAF pension contributions (non-budgeted)				1,934,391	(1,934,391)
On-behalf TPAF medical (non-budgeted)				1,611,788	(1,611,788)
On-behalf TPAF LTDI (non-budgeted)				4,253	(4,253)
Reimbursed TPAF social security contributions (non-budgeted)				1,344,958	(1,344,958)
<b>Total Undistributed Expenditures - TPAF</b>				<b>4,895,390</b>	<b>(4,895,390)</b>
<b>Total Undistributed Expenditures</b>	<b>25,179,732</b>	<b>146,634</b>	<b>25,326,366</b>	<b>28,784,577</b>	<b>(3,458,211)</b>
<b>Total General Current Expense</b>	<b>43,760,629</b>	<b>4,507</b>	<b>43,765,136</b>	<b>47,092,256</b>	<b>(3,327,120)</b>
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Undistributed expenditures - req. maint. school facilities	49,209	-	49,209	49,209	-
<b>Total Equipment</b>	<b>49,209</b>	<b>-</b>	<b>49,209</b>	<b>49,209</b>	<b>-</b>
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA funding	20,110	-	20,110	20,110	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>20,110</b>	<b>-</b>	<b>20,110</b>	<b>20,110</b>	<b>-</b>
Assets acquired under capital leases (non-budgeted):					
Equipment					
Undistributed expenditures - instruction					-
Undistributed expenditures - noninstruction				4,560,000	(4,560,000)
<b>Total assets acquired under capital leases</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,560,000</b>	<b>(4,560,000)</b>
<b>Total Capital Outlay</b>	<b>69,319</b>	<b>-</b>	<b>69,319</b>	<b>4,629,319</b>	<b>(4,560,000)</b>
<b>Total Expenditures</b>	<b>\$ 43,829,948</b>	<b>\$ 4,507</b>	<b>\$ 43,834,455</b>	<b>\$ 51,721,575</b>	<b>\$ (7,887,120)</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2017**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures:	\$ (1,268,590)	\$ -	\$ (1,268,590)	\$ (3,543,617)	\$ (2,275,027)
Other Financing Sources (Uses):					
Transfer to Capital Projects Fund				4,560,000	4,560,000
Proceeds from Capital Lease				4,560,000	4,560,000
Total Other Financing Sources				4,560,000	4,560,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,268,590)		(1,268,590)	1,016,383	2,284,973
Fund Balance, July 1	3,891,513		3,891,513	3,891,513	
Fund Balance, June 30	\$ 2,622,923	\$ -	\$ 2,622,923	\$ 4,907,896	\$ 2,284,973
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Years Expenditures				\$ 747,768	
Reserve for Excess Surplus				729,037	
Maintenance Reserve				156,325	
Capital Reserve				1,318,594	
Assigned Fund Balance					
Year-end Encumbrances				38,254	
Designated for Subsequent Years Expenditures				675,000	
Unassigned Fund Balance				1,242,918	
				4,907,896	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(1,077,170)	
Fund Balance per Government Fund (GAAP)				\$ 3,830,726	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources	\$ -	\$ 38,600	\$ 38,600	\$ 14,585	\$ (24,015)
State sources	225,296	97,530	322,826	232,888	(89,938)
Federal sources	899,275	320,510	1,219,785	1,034,623	(185,162)
<b>Total revenues</b>	<b>1,124,571</b>	<b>456,640</b>	<b>1,581,211</b>	<b>1,282,096</b>	<b>(299,115)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	38,477	213,434	251,911	215,756	36,155
Purchased professional - educ. services	123,188	34,028	157,216	88,363	68,853
Purchased professional - tech. services	26,087	26,687	52,774	35,305	17,469
Tuition		580,000	580,000	579,776	224
General supplies	872,186	(756,331)	115,855	64,490	51,365
Textbooks	25,010	4,386	29,396	29,185	211
Other Objects		2,400	2,400	483	1,917
<b>Total instruction</b>	<b>1,084,948</b>	<b>104,604</b>	<b>1,189,552</b>	<b>1,013,358</b>	<b>176,194</b>
Support services:					
Salaries of other professional staff		43,520	43,520	24,796	18,724
Other salaries		6,010	6,010		6,010
Personal services - employee benefits		20,852	20,852	15,586	5,266
Purchased professional - educ. services		172,467	172,467	115,235	57,232
Purchased professional and technical services	39,623	32,057	71,680	71,490	190
Travel		37,763	37,763	20,635	17,128
Other purchased services		3,491	3,491	3,291	200
Supplies and materials		35,701	35,701	17,560	18,141
Other objects		175	175	145	30
<b>Total support services</b>	<b>39,623</b>	<b>352,036</b>	<b>391,659</b>	<b>268,738</b>	<b>122,921</b>
Facilities acquisition and construction services:					
Building					
Non- Instructional equipment					
<b>Total facilities acq. and const. services</b>					
<b>Total expenditures</b>	<b>1,124,571</b>	<b>456,640</b>	<b>1,581,211</b>	<b>1,282,096</b>	<b>299,115</b>
<b>Total outflows</b>	<b>1,124,571</b>	<b>456,640</b>	<b>1,581,211</b>	<b>1,282,096</b>	<b>299,115</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -



**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budgetary Comparison**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 48,177,958	\$ 1,282,096
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,074,085	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,077,170)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 48,174,873</u>	<u>\$ 1,282,096</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 51,721,575	\$ 1,282,096
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 51,721,575</u>	<u>\$ 1,282,096</u>

Required Supplementary Information - Part III  
Schedules Related to Accounting and Reporting  
For Pensions (GASB 68)

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employees Retirement System**  
**Last Four Fiscal Years**

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0439013136%	0.0420543940%	0.0422519522%	0.0404034841%
District's proportionate share of the net pension liability (asset)	\$ 13,002,310	\$ 9,440,369	\$ 7,910,721	\$ 7,721,909
District's covered-employee payroll	2,918,409	2,908,363	2,886,816	2,838,281
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	445.53%	324.59%	274.03%	272.06%
Plan fiduciary net position as a percentage of the total pension liability	31.20%	38.21%	42.74%	40.71%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the District's Contributions**  
**Public Employees Retirement System**  
**Last Four Fiscal Years**

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 387,473	\$ 390,013	\$ 361,555	\$ 348,319
Contributions in relation to the contractually required contributions	<u>(387,473)</u>	<u>(390,013)</u>	<u>(361,555)</u>	<u>(348,319)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	2,918,409	2,908,363	2,886,816	2,838,281
Contributions as a percentage of covered-employee payroll	13.28%	13.41%	12.52%	12.27%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teachers' Pension and Annuity Fund**  
**Last Four Fiscal Years**

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.1740272235%	0.1674755276%	0.1638892624%	0.1672709993%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 136,900,894</u>	<u>\$ 105,851,685</u>	<u>\$ 87,593,477</u>	<u>\$ 84,537,447</u>
Total	<u>\$ 136,900,894</u>	<u>\$ 105,851,685</u>	<u>\$ 87,593,477</u>	<u>\$ 84,537,447</u>
District's covered-employee payroll	18,350,014	17,728,774	17,726,454	17,428,428
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

**Delran Township School District**  
**Notes to Required Supplementary Information**  
**Pension Schedules**  
**For the Fiscal Year Ended June 30, 2017**

**1. Teacher's Pension and Annuity Fund (TPAF)**

*Changes of benefit term:* 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.

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

**2. Public Employees' Retirement System (PERS)**

*Changes of benefit term:* 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.

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

Other Supplementary Information

Special Revenue Fund



**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2017**

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Brought Forward (Exh. E-1D)	Brought Forward (Exh. E-1E)	Total
<b>REVENUES:</b>					
Local sources	\$ -	\$ -	\$ -	\$ 14,585	\$ 14,585
State sources	122,168	-	110,720	-	232,888
Federal sources	-	321,765	712,858	-	1,034,623
<b>Total Revenues</b>	<b>122,168</b>	<b>321,765</b>	<b>823,578</b>	<b>14,585</b>	<b>1,282,096</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers		201,906		13,850	215,756
Professional education services	86,863		1,500		88,363
Tuition			579,776		579,776
Professional technical services	35,305				35,305
Other purchased services					
General supplies		33,285	30,790	415	64,490
Textbooks			29,185		29,185
Other Objects			483		483
<b>Total instruction</b>	<b>122,168</b>	<b>235,191</b>	<b>641,734</b>	<b>14,265</b>	<b>1,013,358</b>
Support services:					
Salaries of other professional staff		24,796			24,796
Other salaries					
Personal services-employee benefits		15,586			15,586
Purchased prof. and educational services		22,121	93,114		115,235
Purchase professional and technical services			71,490		71,490
Travel		20,635			20,635
Other purchased services (400-500)		3,291			3,291
Other objects		145			145
Supplies and materials		0	17,240	320	17,560
<b>Total support services</b>		<b>86,574</b>	<b>181,844</b>	<b>320</b>	<b>268,738</b>
Facilities acquisition and const. serv.:					
Building					
Non- Instructional equipment					
<b>Total facilities acquisition and const. serv.:</b>					
<b>Total Expenditures</b>	<b>122,168</b>	<b>321,765</b>	<b>823,578</b>	<b>14,585</b>	<b>1,282,096</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2017**

	<u>Chapter 192 - Auxillary Services</u>		<u>Chapter 193 - Handicapped Services</u>			Carried Forward (Exh. E-1A)
	Comp. Education	ESL	Corrective Speech	Suppl. Instruction	Exam & Classification	
<b>REVENUES:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	62,527	6,943	2,562	14,831	35,305	122,168
Federal sources						
<b>Total Revenues</b>	<u>62,527</u>	<u>6,943</u>	<u>2,562</u>	<u>14,831</u>	<u>35,305</u>	<u>122,168</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of teachers						
Professional education services	62,527	6,943	2,562	14,831		86,863
Professional technical services					35,305	35,305
Other Objects						
<b>Total instruction</b>	<u>62,527</u>	<u>6,943</u>	<u>2,562</u>	<u>14,831</u>	<u>35,305</u>	<u>122,168</u>
Support services:						
Personal services-employee benefits						
Purchased prof. and educational services						
Purchase professional and technical services						
Travel						
Tuition						
Other purchased services (400-500)						
Supplies and materials						
<b>Total support services</b>						
Facilities acquisition and const. serv.:						
Instructional equipment						
<b>Total facilities acquisition and const. serv.:</b>						
<b>Total Expenditures</b>	<u>62,527</u>	<u>6,943</u>	<u>2,562</u>	<u>14,831</u>	<u>35,305</u>	<u>122,168</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2017**

	E.S.E.A. as amended by No Child Left Behind (N.C.L.B.)				Carried Forward (Exh. E-1A)
	Title I Current Yr.	Title II-A Current Yr.	Title III Immigrant - CY	Title III Current Yr.	
<b>REVENUES:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	258,684	40,072	128	22,881	321,765
<b>Total Revenues</b>	<b>258,684</b>	<b>40,072</b>	<b>128</b>	<b>22,881</b>	<b>321,765</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	195,677			6,229	201,906
Professional education services					-
General supplies	33,090			195	33,285
Textbooks					
Other Objects					
<b>Total instruction</b>	<b>228,767</b>		-	<b>6,424</b>	<b>235,191</b>
Support services:					
Salaries of other professional staff	3,223	21,573			24,796
Salaries of secretaries & clerical assistants					
Other salaries					
Personal services-employee benefits	15,586				15,586
Purchased prof. and educational services		6,633	128	15,360	22,121
Travel	7,817	11,866		952	20,635
Other purchased services (400-500)	3,291				3,291
Supplies and materials					-
Other objects				145	145
<b>Total support services</b>	<b>29,917</b>	<b>40,072</b>	<b>128</b>	<b>16,457</b>	<b>86,574</b>
Facilities acquisition and const. serv.:					
Instructional equipment					
<b>Total facilities acquisition and const. serv.:</b>					
<b>Total Expenditures</b>	<b>258,684</b>	<b>40,072</b>	<b>128</b>	<b>22,881</b>	<b>321,765</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DELTRAN TOWNSHIP SCHOOL DISTRICT  
Special Revenue Fund  
Combining Statement of Revenues and Expenditures  
Budgetary Basis  
for the Fiscal Year Ended June 30, 2017

	Nonpublic Textbook	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	IDEA		Carried Forward (Exh. E-1A)
					Basic Current Yr.	Preschool Current Yr.	
<b>REVENUES:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	29,185	46,080	10,045	25,410	-	-	110,720
Federal sources					677,454	35,404	712,858
<b>Total Revenues</b>	<b>29,185</b>	<b>46,080</b>	<b>10,045</b>	<b>25,410</b>	<b>677,454</b>	<b>35,404</b>	<b>823,578</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers							1,500
Professional education services					1,500		1,500
Professional technical services							
Tuition					579,776		579,776
Other purchased services							
General supplies			10,045		11,912	8,833	30,790
Textbooks	29,185						29,185
Other objects					483		483
<b>Total instruction</b>	<b>29,185</b>		<b>10,045</b>		<b>593,671</b>	<b>8,833</b>	<b>641,734</b>
Support services:							
Personal services-employee benefits							
Purchased prof. and educational services					66,543	26,571	93,114
Purchase professional and technical services		46,080		25,410			71,490
Travel							
Miscellaneous expenditures							
Supplies and materials					17,240		17,240
<b>Total support services</b>		<b>46,080</b>		<b>25,410</b>	<b>83,783</b>	<b>26,571</b>	<b>181,844</b>
Facilities acquisition and const. serv.:							
Building							
Non- Instructional equipment							
<b>Total facilities acquisition and const. serv.:</b>							
<b>Total Expenditures</b>	<b>29,185</b>	<b>46,080</b>	<b>10,045</b>	<b>25,410</b>	<b>677,454</b>	<b>35,404</b>	<b>823,578</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2017**

E-1E

	Steam Up	Rain Gardens for Recess	Carried Forward (Exh. E-1A)
<b>REVENUES:</b>			
Local sources	\$ 14,265	\$ 320	\$ 14,585
State sources			-
Federal sources			-
<b>Total Revenues</b>	<b>14,265</b>	<b>320</b>	<b>14,585</b>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of teachers	13,850		13,850
Professional education services			
Professional technical services			
Tuition			
Other purchased services			
General supplies	415		415
Textbooks			
Other objects			
<b>Total instruction</b>	<b>14,265</b>	<b>320</b>	<b>14,265</b>
Support services:			
Personal services-employee benefits			
Purchased prof. and educational services			
Purchase professional and technical services			
Travel			
Miscellaneous expenditures			
Supplies and materials		320	320
<b>Total support services</b>	<b>320</b>	<b>320</b>	<b>320</b>
Facilities acquisition and const. serv.:			
Building			
Non- Instructional equipment			
<b>Total facilities acquisition and const. serv.:</b>	<b>320</b>	<b>320</b>	<b>320</b>
<b>Total Expenditures</b>	<b>14,265</b>	<b>320</b>	<b>14,585</b>
 Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Capital Projects Fund

**DELRAN TOWNSHIP SCHOOL DISTRICT  
Capital Projects Fund  
Summary Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budgetary Basis  
For the Fiscal Year ended June 30, 2017**

**Revenues and Other Financing Sources:**

SDA Grant	\$ -
Transfer from Capital Reserve	
Total revenues and other financing sources	

**Expenditures and Other Financing (Uses):**

Purchased professional services	
Construction services	
Total expenditures and other financing (uses)	

Excess (deficiency) or revenues over (under) expenditures

Fund Balance - July 1, 2016	526,057
Fund Balance - June 30, 2017	\$ 526,057

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Statement of Project Revenues, Expenditures, Project Balance,**  
**and Project Status - Budgetary Basis**  
**Various Improvements to District Facilities**  
**From Inception and for the Fiscal Year ended June 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
State sources - SDA Grant				
Transfer from capital reserve				
Bond proceeds	\$ 25,858,000	\$ -	\$ 25,858,000	\$ 25,858,000
<b>Total revenues</b>	<u>25,858,000</u>	<u>-</u>	<u>25,858,000</u>	<u>25,858,000</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional services	3,738,652		3,738,652	3,738,652
Construction services	21,377,035		21,377,035	21,377,035
Other Objects	668,908		668,908	668,908
<b>Total expenditures</b>	<u>25,784,595</u>	<u>-</u>	<u>25,784,595</u>	<u>25,784,595</u>
<b>Excess (deficiency) or revenues over (under) expenditures</b>	<u>\$ 73,405</u>	<u>\$ -</u>	<u>\$ 73,405</u>	<u>\$ 73,405</u>
<b>Additional project information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	12/09/08			
Bonds Authorized	\$0			
Bonds Issued	\$0			
Original Authorized Cost	\$0			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$0			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	0.00%			
Original target completion date	06/30/12			
Revised target completion date	N/A			



**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Statement of Project Revenues, Expenditures, Project Balance,**  
**and Project Status - Budgetary Basis**  
**Roof Replacement and Crawlspace Ventilation**  
**From Inception and for the Fiscal Year ended June 30, 2017**

	Prior Periods	Current Year	Total	Revised Authorized Costs
<b>Revenues and Other Financing Sources:</b>				
State sources - SDA Grant	\$ 948,028	\$ -	\$ 948,028	\$ 948,028
Transfer from capital reserve	1,039,294		1,039,294	1,039,294
	1,987,322		1,987,322	1,987,322
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional services	22,827		22,827	22,827
Construction services	1,511,843		1,511,843	1,511,843
	1,534,670	-	1,534,670	1,534,670
Excess (deficiency) or revenues over (under) expenditures	\$ 452,652	\$ -	\$ 452,652	\$ 452,652
<b>Additional project information:</b>				
Project Number	1060-007-14-1002			
Grant Date	7/1/2015			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$1,987,322			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$1,987,322			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original target completion date	09/30/15			
Revised target completion date	06/30/16			

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Capital Projects Fund**  
 Summary Statement of Project Expenditures  
 Year Ended June 30, 2017

<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Construction and various improvements to the District's facilities	12/9/08	\$ 25,858,000	\$ 25,784,595	\$ -	\$ 73,405
Middle School Roof Replacement and Crawl Space Ventilation	7/1/2015	<u>1,987,322</u>	<u>1,534,670</u>	<u>-</u>	<u>452,652</u>
Total		<u>\$ 27,845,322</u>	<u>\$ 27,319,265</u>	<u>\$ -</u>	<u>\$ 526,057</u>

Proprietary Funds

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Fund**  
Statement of Net Position  
as of June 30, 2017

	Food Service Fund
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ 507,526
Accounts receivable:	
State	472
Federal	20,674
Other	2,456
Inventories	11,978
Total current assets	543,106
Fixed assets:	
Equipment	748,917
Less: Accumulated depreciation	(495,630)
Total fixed assets	253,287
Total assets	\$ 796,393
<b>LIABILITIES:</b>	
Current liabilities:	
Accounts Payable	\$ 8,730
Unearned revenue	18,209
Total current liabilities	26,939
<b>NET POSITION:</b>	
Net investment in capital assets	253,287
Unreserved retained earnings	516,167
Total Net Position	\$ 769,454

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Fund**  
Statement of Revenues, Expenses and Change in Fund Net Position  
for the Fiscal Year ended June 30, 2017

	Food Service Fund
<b>OPERATING REVENUES:</b>	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 403,841
Total-daily sales-reimbursable programs	403,841
Daily sales non-reimbursable programs	362,587
Total operating revenue	766,428
<b>OPERATING EXPENSES:</b>	
Salaries	427,628
Benefits	80,680
Supplies and materials	39,357
Depreciation	31,079
Management fee	75,401
Repairs and maintenance of equipment	27,869
Cost of sales - reimbursable programs	394,953
Cost of sales - nonreimbursable programs	97,716
Direct services	33,605
Other	65
Total operating expenses	1,208,353
Operating income (loss)	(441,925)
<b>Non-operating revenues:</b>	
State sources:	
State school lunch program	11,585
Federal sources:	
National school lunch program	361,561
National school breakfast program	73,220
U.S.D.A. commodities	111,901
Contributed Capital	
Total non-operating revenues	558,267
Net income (loss)	116,342
Net Position - July 1	653,112
Net Position - June 30	\$ 769,454

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Fund**  
Statement of Cash Flows  
for the Fiscal Years ended June 30, 2017

	Food Service Fund
Cash flows from operating activities:	
Cash receipts from customers	\$ 772,247
Cash payments to employees for services	(508,308)
Cash payments to suppliers for goods and services	(633,310)
Net cash used by operating activities	(369,371)
Cash flows from noncapital financing activities:	
Cash received from state and federal reimbursements	447,208
Net cash provided by noncapital financing activities	447,208
Cash flows from capital financing activities:	
Purchases of fixed assets	(47,955)
Net cash used by capital financing activities	(47,955)
Cash flows from investing activities:	
Interest on investments	-
Net cash provided by investing activities	-
Net increase (decrease) in cash and cash equivalents	29,882
Cash and cash equivalents, July 1	477,644
Cash and cash equivalents, June 30	\$ 507,526
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (441,925)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	31,079
Federal commodities	111,901
Change in assets and liabilities:	
(Increase)/decrease in accounts receivable	3,895
(Increase)/decrease in inventory	(2,139)
Increase/(decrease) in unearned revenue	1,923
Increase/(decrease) in accounts payable	(74,105)
Net cash used by operating activities	\$ (369,371)

Fiduciary Funds

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
 Combining Statement of Net Position  
 June 30, 2017

	Agency Funds		Employee Benefit Trust Funds	
	Student Activity	Payroll	Unemployment Compensation	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 301,049	\$ 222,250	\$ 131,017	\$ 654,316
<b>TOTAL ASSETS</b>	<b>\$ 301,049</b>	<b>\$ 222,250</b>	<b>\$ 131,017</b>	<b>\$ 654,316</b>
 <b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ 1,749	\$ 1,749
Interfund payable		2,742		2,742
Payroll deductions and withholdings		219,508		219,508
Net payroll				0
Due to student groups	301,049			301,049
Total liabilities	301,049	222,250	1,749	525,048
 <b>NET POSITION:</b>				
Restricted for:				
Reserved for unemployment claims			129,268	129,268
Total net position	\$ -	\$ -	\$ 129,268	\$ 129,268



**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Fund**  
Statement of Change in Fiduciary Net Position  
for the Fiscal Year ended June 30, 2017

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	<u>Unemployment Compensation Insurance Fund</u>
<b>REVENUES:</b>	
Local sources:	
Employee contributions	<u>\$ 39,065</u>
Total Revenues	<u>39,065</u>
 <b>EXPENDITURES:</b>	
Current Expense:	
Undistributed Expenditures:	
Unemployment claims	<u>51,664</u>
Total Expenditures	<u>51,664</u>
Excess (deficiency) of revenues over (under) expenditures)	(12,599)
Net Assets July 1	<u>141,867</u>
Net Assets June 30	<u><u>\$ 129,268</u></u>

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
 Schedule of Receipts and Disbursements  
 for the Fiscal Year ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable June 30, 2017</u>	<u>Balance June 30, 2017</u>
Delran School District					
Activity Funds	\$ 268,757	\$ 686,720	\$ 677,853	\$ -	\$ 277,624
Athletic Funds	<u>15,680</u>	<u>209,111</u>	<u>201,366</u>	<u>-</u>	<u>23,425</u>
Total	<u>\$ 344,964</u>	<u>\$ 895,831</u>	<u>\$ 879,219</u>	<u>\$ -</u>	<u>\$ 301,049</u>

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Payroll Agency Fund**  
Schedule of Receipts and Disbursements  
for the Fiscal Year ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<b>ASSETS:</b>				
Cash and cash equivalents	<u>\$ 1,067,741</u>	<u>\$ 26,501,493</u>	<u>\$ 27,346,984</u>	<u>\$ 222,250</u>
Total assets	<u>\$ 1,067,741</u>	<u>\$ 26,501,493</u>	<u>\$ 27,346,984</u>	<u>\$ 222,250</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 224,524	\$ 12,314,541	\$ 12,319,557	\$ 219,508
Net payroll	1,407	14,185,066	14,186,473	-
Interfund payable	<u>841,810</u>	<u>1,886</u>	<u>840,954</u>	<u>2,742</u>
Total liabilities	<u>\$ 1,067,741</u>	<u>\$ 26,501,493</u>	<u>\$ 27,346,984</u>	<u>\$ 222,250</u>

Long-Term Debt Schedules

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
 Statement of Serial Bonds  
 June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance June 30, 2016	Issued	Retired	Balance June 30, 2017
Refunding Bonds	10/6/2015	2,115,000	01/15/2018	\$ 285,000	4.000%	\$ 2,115,000	\$ -	\$ 280,000	\$ 1,835,000
			01/15/2019	295,000	2.000%				
			01/15/2020	305,000	2.000%				
			01/15/2021	310,000	2.000%				
			01/15/2022	315,000	4.000%				
			01/15/2023	325,000	2.000%				
School Bonds	7/15/2009	\$ 25,858,000	07/15/2017	1,210,000	4.000%	3,630,000		1,160,000	2,470,000
			07/15/2018	1,260,000	4.000%				
Balance Forward						<u>\$ 5,745,000</u>	<u>\$ -</u>	<u>\$ 1,440,000</u>	<u>\$ 4,305,000</u>

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
 Statement of Serial Bonds  
 June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2016	Issued	Retired	Balance June 30, 2017
			Date	Amount					
Balance brought forward						\$ 5,745,000	\$ -	\$ 1,440,000	\$ 4,305,000
Refunding School Bonds	4/14/2016	21,360,000	7/15/2017	\$ 100,000	3.000%	21,360,000		280,000	21,080,000
			7/15/2018	100,000	4.000%				
			7/15/2019	1,395,000	4.000%				
			7/15/2020	1,455,000	4.000%				
			7/15/2021	1,515,000	4.000%				
			7/15/2022	1,575,000	4.000%				
			7/15/2023	1,980,000	4.000%				
			7/15/2024	2,045,000	2.000%				
			7/15/2025	2,080,000	2.000%				
			7/15/2026	2,125,000	2.125%				
			7/15/2027	2,180,000	4.000%				
			7/15/2028	2,245,000	2.250%				
			7/15/2029	2,285,000	2.500%				
						<u>\$ 27,105,000</u>	<u>\$ -</u>	<u>\$ 1,720,000</u>	<u>\$ 25,385,000</u>

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
Statement of Capital Leases  
June 30, 2017

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding June 30, 2016	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2017
Phone System	2.05%	\$ 287,800	\$ 58,716	\$ -	\$ 58,716	\$ -
Brodcade Network Switches	2.17%	177,651	71,798		35,514	36,284
Computers	1.53%	67,327	22,476		22,476	
Computers	1.53%	23,055	7,694		7,694	
Surveillance System	1.92%	122,130	98,624		23,957	74,667
Installation of Access Points	1.82%	170,664	170,664		32,913	137,751
Chromebooks	1.90%	190,222	190,222		64,329	125,893
Energy Savings Improvement Program	2.38%	4,560,000		4,560,000		4,560,000
Total			<u>\$ 620,194</u>	<u>\$ 4,560,000</u>	<u>\$ 245,599</u>	<u>\$ 4,934,595</u>

**DELRAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 2,075,461	\$ -	\$ 2,075,461	\$ 2,075,461	\$ -
Miscellaneous				8,850	8,850
Total revenues - local sources	<u>2,075,461</u>		<u>2,075,461</u>	<u>2,084,311</u>	<u>8,850</u>
State sources:					
Debt service aid type II	403,849		403,849	403,849	
Total revenues - state sources	<u>403,849</u>		<u>403,849</u>	<u>403,849</u>	
Total Revenues	<u>2,479,310</u>		<u>2,479,310</u>	<u>2,488,160</u>	<u>8,850</u>
<b>EXPENDITURES:</b>					
Regular debt service:					
Redemption of principal	1,720,000		1,720,000	1,720,000	
Interest on bonds	759,310		759,310	640,690	118,620
Total Expenditures	<u>2,479,310</u>		<u>2,479,310</u>	<u>2,360,690</u>	<u>118,620</u>
Excess (Deficiency) of revenues over (under) expenditures				127,470	127,470
Other Financing Sources (Uses):					
Proceeds of Refunding Bonds					-
Payment to refunded bond escrow agent					-
Total Other Financing Sources (Uses)				-	-
Excess (Deficiency) of revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)				127,470	127,470
Fund Balances, July 1	<u>38,111</u>		<u>38,111</u>	<u>38,111</u>	
Fund Balances, June 30	<u>\$ 38,111</u>	<u>\$ -</u>	<u>\$ 38,111</u>	<u>\$ 165,581</u>	<u>\$ 127,470</u>



**Statistical Section**

**Delran Township School District**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-1

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 4,226,078	\$ 5,221,496	\$ (14,312,597)	\$ (967,535)	\$ 7,020,702	\$ 8,434,666	\$ 9,582,074	\$ 10,712,615	\$ 10,878,711	\$ 7,573,286
Restricted for:	-	-	-	-	-	-	-	-	-	-
Special revenue	(3,264)	-	-	-	-	-	-	-	-	-
Capital projects	849,032	1,356,230	21,479,919	9,217,174	2,507,499	143,044	88,570	1,331,293	1,044,651	1,844,651
Debt service	(52,579)	(86,248)	(701,109)	(213,011)	184,770	16,772	498	1	38,111	165,581
Other purposes	7,915,528	7,282,414	3,875,254	2,529,736	3,466,309	5,342,050	3,931,940	2,337,998	2,173,183	2,346,384
Unrestricted	(683,683)	(1,728,251)	(788,526)	(342,961)	(1,166,724)	(1,361,007)	(1,294,478)	(8,719,600)	(8,758,019)	(10,214,670)
<b>Total governmental activities net position</b>	<b>\$ 12,251,112</b>	<b>\$ 12,045,641</b>	<b>\$ 9,552,941</b>	<b>\$ 10,223,403</b>	<b>\$ 12,012,556</b>	<b>\$ 12,575,525</b>	<b>\$ 12,308,604</b>	<b>\$ 5,662,307</b>	<b>\$ 5,376,637</b>	<b>\$ 1,715,232</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 224,670	\$ 195,690	\$ 192,514	\$ 164,259	\$ 176,928	\$ 215,563	\$ 214,303	\$ 174,790	\$ 236,411	\$ 253,287
Unrestricted	195,764	273,440	330,327	408,582	411,440	391,787	477,672	393,459	416,701	516,167
<b>Total business-type activities net position</b>	<b>\$ 420,434</b>	<b>\$ 469,130</b>	<b>\$ 522,841</b>	<b>\$ 572,841</b>	<b>\$ 588,368</b>	<b>\$ 607,350</b>	<b>\$ 691,975</b>	<b>\$ 568,249</b>	<b>\$ 653,112</b>	<b>\$ 769,454</b>
<b>District-wide:</b>										
Net investment in capital assets	\$ 4,450,748	\$ 5,417,186	\$ (14,120,083)	\$ (803,276)	\$ 7,197,630	\$ 8,650,229	\$ 9,796,377	\$ 10,887,405	\$ 11,115,122	\$ 7,826,573
Restricted:										
Special revenue	(3,264)	-	-	-	-	-	-	-	-	-
Capital projects	849,032	1,356,230	21,479,919	9,217,174	2,507,499	143,044	88,570	1,331,293	1,044,651	1,844,651
Debt service	(52,579)	(86,248)	(701,109)	(213,011)	184,770	16,772	498	1	38,111	165,581
Other purposes	7,915,528	7,282,414	3,875,254	2,529,736	3,466,309	5,342,050	3,931,940	2,337,998	2,173,183	2,346,384
Unrestricted	(487,919)	(1,454,811)	(458,199)	65,621	(755,284)	(969,220)	(816,806)	(8,326,141)	(8,341,318)	(9,698,503)
<b>Total district net position</b>	<b>\$ 12,671,546</b>	<b>\$ 12,514,771</b>	<b>\$ 10,075,782</b>	<b>\$ 10,796,244</b>	<b>\$ 12,600,924</b>	<b>\$ 13,182,875</b>	<b>\$ 13,000,579</b>	<b>\$ 6,230,556</b>	<b>\$ 6,029,749</b>	<b>\$ 2,484,686</b>

Delran Township School District  
 Changes in Net Position, Last Ten Fiscal Years  
 (accrual basis of accounting)

Exhibit J-2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 12,380,846	\$ 14,396,344	\$ 13,033,498	\$ 12,943,169	\$ 12,361,189	\$ 12,889,137	\$ 13,585,210	\$ 13,678,892	\$ 13,777,859	\$ 14,271,786
Special education	2,109,361	3,201,869	3,795,323	3,572,329	3,587,291	3,824,781	4,022,642	3,992,508	4,181,113	4,348,323
Other instruction	790,876	1,013,788	1,187,641	1,101,835	1,128,614	1,201,593	1,217,019	1,181,252	1,156,534	1,240,395
Support Services:										
Tuition	1,242,768	1,495,174	1,081,770	1,356,143	1,745,432	1,778,003	2,079,494	2,300,538	2,154,434	2,496,063
Student & instruction related services	3,535,523	3,751,828	4,399,657	3,966,987	4,148,865	4,491,056	4,802,353	5,389,417	5,736,278	5,248,989
School administrative services	1,164,681	1,322,191	1,336,227	1,356,442	1,432,907	1,630,873	1,567,995	1,536,975	1,523,544	1,536,303
General and business administrative services	1,412,575	1,414,539	1,545,657	1,400,947	1,407,930	1,390,571	1,491,862	1,461,655	1,334,095	1,333,872
Plant operations and maintenance	3,318,621	3,803,935	3,757,852	3,837,723	3,629,140	4,465,667	4,253,137	3,450,635	5,640,717	8,265,197
Pupil transportation	1,988,912	2,471,071	2,226,338	2,496,052	2,665,982	2,672,346	2,262,203	2,224,397	2,128,031	2,042,307
Business and other support services										
Unallocated employee benefits	6,283,323	7,031,078	7,900,143	8,182,693	8,211,029	9,534,225	9,802,155	11,000,704	12,469,191	13,951,781
Special schools										
Charter schools										
Interest on long-term debt	480,644	388,309	1,379,222	1,360,773	1,321,345	1,291,209	1,236,235	1,156,126	959,055	794,684
Unallocated depreciation	68,598	63,600	67,622	66,101	65,478	6,910	42,481	46,777	25,715	76,834
Total governmental activities expenses	<u>34,776,728</u>	<u>40,353,726</u>	<u>41,710,950</u>	<u>41,641,194</u>	<u>41,705,202</u>	<u>45,176,371</u>	<u>46,362,786</u>	<u>47,419,876</u>	<u>51,086,566</u>	<u>55,606,534</u>
Business-type activities:										
Food service	861,220	966,803	993,206	938,826	1,015,497	1,070,224	1,094,819	1,350,480	1,275,494	1,208,353
Total business-type activities expense	<u>861,220</u>	<u>966,803</u>	<u>993,206</u>	<u>938,826</u>	<u>1,015,497</u>	<u>1,070,224</u>	<u>1,094,819</u>	<u>1,350,480</u>	<u>1,275,494</u>	<u>1,208,353</u>
Total district expenses	<u>\$ 35,637,948</u>	<u>\$ 41,320,529</u>	<u>\$ 42,704,156</u>	<u>\$ 42,580,020</u>	<u>\$ 42,720,699</u>	<u>\$ 46,246,595</u>	<u>\$ 47,457,605</u>	<u>\$ 48,770,356</u>	<u>\$ 52,362,060</u>	<u>\$ 56,814,887</u>
<b>Program Revenues:</b>										
Governmental activities:										
Operating grants and contributions	\$ 4,492,975	\$ 3,993,923	\$ 4,630,190	\$ 4,418,345	\$ 4,655,117	\$ 4,777,516	\$ 5,020,135	\$ 5,459,573	\$ 7,183,901	\$ 6,581,335
Total governmental activities program revenues	<u>4,492,975</u>	<u>3,993,923</u>	<u>4,630,190</u>	<u>4,418,345</u>	<u>4,655,117</u>	<u>4,777,516</u>	<u>5,020,135</u>	<u>5,459,573</u>	<u>7,183,901</u>	<u>6,581,335</u>

(Continued)

Delran Township School District  
 Changes in Net Position, Last Ten Fiscal Years  
 (accrual basis of accounting)

Exhibit J-2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Business-type activities:</b>										
Charges for services:										
Food service	\$ 684,291	\$ 753,695	\$ 732,684	\$ 697,438	\$ 703,921	\$ 668,896	\$ 703,279	\$ 718,271	\$ 753,121	\$ 766,428
Operating grants and contributions	173,003	259,573	311,084	287,425	324,993	417,918	478,165	508,483	546,300	558,267
Capital grants and contributions										
Total business type activities program revenues	<u>857,294</u>	<u>1,013,268</u>	<u>1,043,768</u>	<u>984,863</u>	<u>1,028,914</u>	<u>1,086,814</u>	<u>1,181,444</u>	<u>1,226,754</u>	<u>1,299,421</u>	<u>1,324,695</u>
Total district program revenues	<u>\$ 5,350,269</u>	<u>\$ 5,007,191</u>	<u>\$ 5,673,958</u>	<u>\$ 5,403,208</u>	<u>\$ 5,684,031</u>	<u>\$ 5,864,330</u>	<u>\$ 6,201,579</u>	<u>\$ 6,686,327</u>	<u>\$ 8,483,322</u>	<u>\$ 7,906,030</u>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	(30,283,753)	(36,359,803)	(37,080,760)	(37,222,849)	(37,050,085)	(40,398,855)	(41,342,651)	(41,960,303)	(43,902,665)	(49,025,199)
Business-type activities	(3,926)	46,465	50,562	46,037	13,417	16,590	86,625	(123,726)	23,927	116,342
Total district-wide net expense	<u>(30,287,679)</u>	<u>(36,313,338)</u>	<u>(37,030,198)</u>	<u>(37,176,812)</u>	<u>(37,036,668)</u>	<u>(40,382,265)</u>	<u>(41,256,026)</u>	<u>(42,084,029)</u>	<u>(43,878,738)</u>	<u>(48,908,857)</u>
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental activities:										
Property taxes levied for general purposes, net	22,780,246	22,966,971	24,062,969	24,790,975	25,383,164	26,290,827	26,816,644	28,374,222	29,341,706	30,804,368
Taxes levied for debt service	1,095,818	1,112,255	1,061,880	2,084,404	1,864,473	1,942,891	2,090,932	2,051,483	2,054,177	2,075,461
Unrestricted grants and contributions	8,966,317	10,959,286	8,909,354	10,436,232	11,330,345	12,240,166	11,949,588	12,121,250	11,964,625	12,126,123
Investment earnings	376,447	149,001	376,633	249,539	45,436	103,035	104,203	-	-	-
Miscellaneous income	219,216	966,819	177,224	332,161	215,820	767,136	114,363	184,528	256,487	357,842
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>33,438,044</u>	<u>36,154,332</u>	<u>34,588,060</u>	<u>37,893,311</u>	<u>38,839,238</u>	<u>41,344,055</u>	<u>41,075,730</u>	<u>42,731,483</u>	<u>43,616,995</u>	<u>45,363,794</u>
Business-type activities:										
Investment earnings	7,466	2,231	3,149	3,963	2,110	392	-	-	-	-
Contributed capital	-	-	-	-	-	-	-	-	60,936	-
Total business-type activities	<u>7,466</u>	<u>2,231</u>	<u>3,149</u>	<u>3,963</u>	<u>2,110</u>	<u>392</u>	<u>-</u>	<u>-</u>	<u>60,936</u>	<u>-</u>
Total district-wide	<u>\$ 33,445,510</u>	<u>\$ 36,156,563</u>	<u>\$ 34,591,209</u>	<u>\$ 37,897,274</u>	<u>\$ 38,841,348</u>	<u>\$ 41,344,447</u>	<u>\$ 41,075,730</u>	<u>\$ 42,731,483</u>	<u>\$ 43,677,931</u>	<u>\$ 45,363,794</u>
<b>Change in Net Position:</b>										
Governmental activities	\$ 3,154,291	\$ (205,471)	\$ (2,492,700)	\$ 670,462	\$ 1,789,153	\$ 945,200	\$ (266,921)	\$ 771,180	\$ (285,670)	\$ (3,661,405)
Business-type activities	3,540	48,696	53,711	50,000	15,527	16,982	86,625	(123,726)	84,863	116,342
Total district-wide	<u>\$ 3,157,831</u>	<u>\$ (156,775)</u>	<u>\$ (2,438,989)</u>	<u>\$ 720,462</u>	<u>\$ 1,804,680</u>	<u>\$ 962,182</u>	<u>\$ (180,296)</u>	<u>\$ 647,454</u>	<u>\$ (200,807)</u>	<u>\$ (3,545,063)</u>

Delran Township School District  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Exhibit J-3

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved for:										
Encumbrances	\$ 59,051	\$ 312,789	\$ 57,849	\$ 44,859	\$ 105,738	\$ 214,577	\$ 72,938	\$ 4,487	\$ 53,169	\$ 38,254
Maintenance reserve	300,000	300,000	300,000	300,000	300,000	300,000	156,325	156,325	156,325	156,325
Capital reserve	600,000	1,107,198	1,118,432	1,389,314	1,847,731	1,551,146	1,102,219	1,257,888	518,594	1,318,594
Legally restricted	13,839	257,647	247,093	600,000	400,000	909,015	621,248	701,580	675,000	675,000
Excess surplus	7,542,638	6,411,978	3,270,312	1,584,877	2,660,571	2,367,312	1,979,210	1,475,606	1,288,689	1,476,805
Unreserved	287,635	(117,525)	(176,790)	103,435	(33,044)	62,240	161,861	196,045	125,651	165,748
Total general fund	<u>\$ 8,803,163</u>	<u>\$ 8,272,087</u>	<u>\$ 4,816,896</u>	<u>\$ 4,022,485</u>	<u>\$ 5,280,996</u>	<u>\$ 5,404,290</u>	<u>\$ 4,093,801</u>	<u>\$ 3,791,931</u>	<u>\$ 2,817,428</u>	<u>\$ 3,830,726</u>
All Other Governmental Funds										
Reserved:										
Encumbrances			\$ 5,267,712	\$ 5,267,712	\$ 532,688	\$ 119,180	\$ 15,165	\$ -	\$ -	\$ 47,348
Debt service reserve	\$ 105,500	\$ 105,500								
Unreserved, reported in:										
Special revenue fund	(3,264)	-	-	-	-	-	-	-	-	-
Capital projects fund	143,532	143,532	2,560,148	2,560,148	127,080	23,864	73,405	73,405	526,057	478,709
Debt service fund	146,006	88,765	412,472	412,472	184,770	16,772	498	1	38,111	165,581
Total all other governmental funds	<u>\$ 391,774</u>	<u>\$ 337,797</u>	<u>\$ 8,240,332</u>	<u>\$ 8,240,332</u>	<u>\$ 844,538</u>	<u>\$ 159,816</u>	<u>\$ 89,068</u>	<u>\$ 73,406</u>	<u>\$ 564,168</u>	<u>\$ 691,638</u>

**Delran Township School District**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Exhibit J-4**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>										
Tax levy	\$ 24,850,850	\$ 24,079,226	\$ 25,124,849	\$ 26,875,379	\$ 27,247,637	\$ 28,233,718	\$ 28,907,576	\$ 30,425,705	\$ 31,395,883	\$ 32,879,829
Tuition charges	23,982	19,847	7,929	17,962	45,436	103,035	104,203	85,960	119,734	111,891
Interest earnings	333,393	149,001	249,459	173,375	57,426	1,983	-	5,669	4,397	6,285
Miscellaneous	522,481	956,133	296,469	400,240	170,106	773,798	117,054	92,899	147,114	254,251
State sources	13,646,901	14,010,276	10,290,352	13,538,492	14,430,812	16,004,392	15,793,662	16,465,984	17,909,513	17,596,690
Federal sources	881,301	933,772	3,249,192	1,306,208	1,542,938	1,010,364	1,173,370	1,114,839	1,224,255	1,096,183
Total revenue	<u>40,258,908</u>	<u>40,148,255</u>	<u>39,218,250</u>	<u>42,311,656</u>	<u>43,494,355</u>	<u>46,127,290</u>	<u>46,095,865</u>	<u>48,191,056</u>	<u>50,800,896</u>	<u>51,945,129</u>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	12,586,255	13,190,862	13,133,971	12,219,571	11,896,904	12,259,661	12,877,848	13,026,318	13,151,593	13,732,319
Special education instruction	2,330,219	3,201,869	3,795,323	3,572,329	3,587,291	3,824,781	4,022,642	3,992,508	4,181,113	4,348,323
Other instruction	890,677	1,013,788	1,187,641	1,101,835	1,128,614	1,201,593	1,217,019	1,181,252	1,156,534	1,240,395
<b>Support Services:</b>										
Tuition	1,284,943	1,495,174	1,081,770	1,356,143	1,745,432	1,778,003	2,079,494	2,300,538	2,154,434	2,496,063
Student & instruction related services	3,922,247	3,751,828	4,399,657	3,966,987	4,148,865	4,491,056	4,802,353	5,389,417	5,736,278	5,248,989
School administrative services	1,208,038	1,322,191	1,336,227	1,356,442	1,407,930	1,533,690	1,567,995	1,536,975	1,523,544	1,457,422
General and business admin. services	1,332,288	1,330,582	1,466,900	1,325,230	1,358,437	1,390,571	1,396,782	1,368,100	1,247,661	1,333,872
Plant operations and maintenance	3,913,069	3,733,560	3,942,649	3,671,948	3,300,342	3,972,164	4,180,860	3,989,204	3,690,640	3,878,332
Pupil transportation	2,082,499	2,471,071	2,226,338	2,496,052	2,665,982	2,672,346	2,262,203	2,224,397	2,128,031	2,042,307
Employee benefits	7,210,921	7,031,078	7,900,143	8,182,693	8,211,029	9,534,225	9,802,155	10,931,521	12,204,931	12,596,330
Capital outlay	855,066	627,153	6,492,769	13,604,868	7,586,870	1,725,450	1,016,984	269,700	1,990,319	4,629,319
<b>Debt service:</b>										
Principal	1,035,158	1,152,271	1,164,415	1,929,409	1,344,788	1,301,769	1,354,515	1,330,000	1,385,000	1,720,000
Interest and other charges	460,495	411,881	360,116	936,725	1,249,154	1,291,209	1,236,234	1,181,170	1,276,516	640,690
Total expenditures	<u>39,111,875</u>	<u>40,733,308</u>	<u>48,487,919</u>	<u>55,720,232</u>	<u>49,631,638</u>	<u>46,976,518</u>	<u>47,817,084</u>	<u>48,721,100</u>	<u>51,826,594</u>	<u>55,364,361</u>
Excess (Deficiency) of revenues over (under) expenditures	1,147,033	(585,053)	(9,269,669)	(13,408,576)	(6,137,283)	(849,228)	(1,721,219)	(530,044)	(1,025,698)	(3,419,232)
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing	-	-	25,858,000	-	-	-	-	-	24,609,674	4,560,000
Payment to escrow agent	-	-	-	-	-	-	-	-	(24,428,603)	-
Capital leases	337,000	-	473,178	-	-	287,800	339,982	212,512	360,886	-
Transfers in	129,422	5,523	487,257	168,493	16,271	495	-	-	1,039,294	-
Transfers out	(129,422)	(5,523)	(487,257)	(168,493)	(16,271)	(495)	-	-	(1,039,294)	-
Total other financing sources (uses)	<u>337,000</u>	<u>-</u>	<u>26,331,178</u>	<u>-</u>	<u>-</u>	<u>287,800</u>	<u>339,982</u>	<u>212,512</u>	<u>541,957</u>	<u>4,560,000</u>
Net change in fund balances	<u>\$ 1,484,033</u>	<u>\$ (585,053)</u>	<u>\$ 17,061,509</u>	<u>\$ (13,408,576)</u>	<u>\$ (6,137,283)</u>	<u>\$ (561,428)</u>	<u>\$ (1,381,237)</u>	<u>\$ (317,532)</u>	<u>\$ (483,741)</u>	<u>\$ 1,140,768</u>
Debt service as a percentage of noncapital expenditures	3.91%	3.90%	3.63%	6.81%	6.17%	5.73%	5.54%	5.18%	5.34%	4.65%

**Source: District records**

Note: Noncapital expenditures are total expenditures less capital outlay.

**Delran Township School District**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Exhibit J-5**

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Fiscal Year Ending June 30,	Interest on Investments	Tuition	Transportation	Prior Year Refunds	Rentals	Other Refunds	Shared Services	Sale of Used Equipment	Miscellaneous	Total
2008	\$ 319,602	\$ 23,982	\$ 1,019	\$ 480,577	\$ 15,951	\$ 9,928		\$ 5,104	\$ 4,531	\$ 860,694
2009	143,478	19,847	31,500	859,384	12,284	32,663			10,916	1,110,072
2010	127,174	7,929	16,227	81,676	5,986	49,491			6,329	294,812
2011	81,046	17,962	26,480	172,231	21,476	62,305			31,707	413,207
2012	35,355	45,436	30,863	73,824	30,352	17,256			6,099	239,185
2013	9,006	103,035	94,364	616,259	26,157	19,020			1,835	869,676
2014	6,315	104,203	14,286	44,135	10,012	18,240	15,000		6,375	218,566
2015	5,669	85,960	22,808	6,271	15,859	14,859	4,167	6,772	22,163	184,528
2016	4,397	119,734		7,430	20,338	93,338		2,359	798	248,394
2017	6,285	111,891	31,791	38,204	32,105	103,725		21,685	3,306	348,992
	<u>\$ 590,254</u>	<u>\$ 69,720</u>	<u>\$ 75,226</u>	<u>\$ 1,339,961</u>	<u>\$ 34,221</u>	<u>\$ 42,591</u>	<u>\$ 19,167</u>	<u>\$ 5,104</u>	<u>\$ 15,447</u>	<u>\$ 1,970,766</u>

Source: District records

Delran Township School District  
 Assessed Value and Actual Value of Taxable Property,  
 Last Ten Fiscal Years

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2008	\$ 10,615,400	\$1,207,542,700	\$ 2,823,700	\$ 179,900	\$ 174,869,700	\$ 97,679,200	\$ 60,038,300	\$1,553,748,900	\$ 2,056,707	\$1,555,805,607	\$ 91,067,000	\$ 1.573	\$ 1,857,786,056
2009	10,835,400	1,209,423,100	2,823,700	179,900	177,794,200	100,366,400	60,038,300	1,561,461,000	2,232,503	1,563,693,503	92,044,000	1.573	1,879,230,871
2010	11,141,100	1,209,484,800	2,567,800	157,500	181,397,500	99,666,400	60,038,300	1,564,453,400	2,217,978	1,566,671,378	94,488,000	1.659	1,847,618,019
2011	11,153,500	1,207,677,800	2,567,800	157,500	182,561,200	98,921,200	60,038,300	1,563,077,300	1,938,751	1,565,016,051	94,152,600	1.730	1,786,214,752
2012	8,652,500	1,077,936,200	2,079,700	176,400	170,578,392	93,005,700	54,979,400	1,407,408,292	2,167,078	1,409,575,370	94,024,900	1.954	1,676,731,931
2013	8,661,300	1,078,760,400	2,079,700	176,400	170,339,392	91,643,700	54,979,400	1,406,640,292	1,793,488	1,408,433,780	92,892,800	2.042	1,595,150,639
2014	8,788,000	1,077,322,500	2,101,800	165,100	169,197,092	88,908,700	55,459,400	1,401,942,592	1,428,041	1,403,370,633	101,459,700	2.113	1,556,849,076
2015	8,788,000	1,077,316,900	2,101,800	165,100	169,007,792	86,908,700	55,459,400	1,399,747,692	100	1,399,747,792	101,847,100	2.209	1,538,686,754
2016	13,182,000	1,077,929,700	1,358,000	63,600	168,505,292	84,813,300	55,669,400	1,401,521,292	94	1,401,521,386	102,348,400	2.294	1,501,077,722
2014	13,413,500	1,078,777,900	992,100	50,300	177,038,792	81,554,500	55,699,400	1,407,526,492	94	1,407,526,586	102,106,800	2.353	1,482,302,876

Source: Municipal Tax Assessor

Note:

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Information not available.



**Delran Township School District**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
*(rate per \$100 of assessed value)*

Exhibit J-7

Fiscal Year Ended June 30,	Delran School District Direct Rate			Overlapping Rates		Municipal Open Space	Fire District	Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Township of Delran	Burlington County			
2008	\$ 1.501	\$ 0.072	\$ 1.573	\$ 0.612	\$ 0.465	\$ 0.020	\$ 0.123	\$ 2.793
2009	1.504	0.070	1.573	0.637	0.458	0.020	0.103	2.791
2010	1.559	0.100	1.659	0.669	0.449	0.020	0.108	2.905
2011	1.604	0.126	1.730	0.683	0.433	0.020	0.114	2.980
2012	1.819	0.135	1.954	0.744	0.452	0.023	0.127	3.300
2013	1.899	0.143	2.042	0.756	0.431	0.023	0.134	3.386
2014	1.966	0.147	2.113	0.756	0.425	0.023	0.133	3.450
2015	2.062	0.147	2.209	0.765	0.455	0.023	0.155	3.607
2016	2.147	0.147	2.294	0.764	0.437	0.023	0.150	3.668
2017	2.209	0.144	2.353	0.761	0.429	0.023	0.157	3.723

Source: Municipal Tax Collector

**Note:**

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

- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.
- b Rates for debt service are based on each year's requirements.

**Delran Township School District  
Principal Property Tax Payers,  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2017	
	Taxable Assessed Value	% of Total District Net Assessed Value
Berk & Berk Hunter's Glen	\$ 40,567,500	2.88%
New Jersey American Water Co.	26,421,800	1.88%
Whitesell Enterprises	25,036,300	1.78%
Hartford Corners	24,359,800	1.73%
Simon & Schuster	20,900,000	1.48%
Tenby Chase Investors, LLC	16,460,400	1.17%
GPT Cinnaminson Owners	10,500,000	0.75%
Target	9,598,900	0.68%
Lowes	9,096,200	0.65%
Millside Plaza	7,729,400	0.55%
<b>Total</b>	<b>\$ 190,670,300</b>	<b>13.55%</b>

Taxpayer	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value
Hunter's Glen Apartments	\$ 44,478,900	0.29%
Whitesell Enterprises	30,310,300	0.19%
New Jersey American Water	28,664,600	0.18%
McMillan Inc.	18,394,100	0.12%
Tenby Chase Investors, LLC	18,188,300	0.12%
Simon & Schuster	15,820,300	0.10%
Liberty Property Dev. Corp	15,749,900	0.10%
Delran Shopping Associates	11,237,000	0.07%
Delran Holding Corporation	9,666,300	0.06%
McKesson Corporation	8,030,900	0.05%
<b>Total</b>	<b>\$ 200,540,600</b>	<b>1.29%</b>

**Source:** Municipal Tax Assessor

**Delran Township School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 24,363,457	\$ 24,363,457	100.00%	-
2009	24,465,038	24,465,038	100.00%	-
2010	24,602,038	24,602,038	100.00%	-
2011	26,000,114	26,000,114	100.00%	-
2012	27,061,508	27,061,508	100.00%	-
2013	27,540,678	27,540,678	100.00%	-
2014	28,770,728	28,770,728	100.00%	-
2015	29,666,560	29,666,560	100.00%	-
2016	30,910,794	30,910,794	100.00%	-
2017	32,137,856	32,137,856	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.

Delran Township School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(dollars in thousands, except per capita)

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Capital Leases	EDA Loans	Certificates of Participation Payable	Capital Leases	Total District		
2008	\$ 9,250,000	\$ 1,655,206	\$ 438,848	\$ 555,000	\$ -	\$ 11,899,054	\$ 0	\$ 709
2009	8,435,000	1,080,728	371,578	285,000	-	10,172,306	1.28%	608
2010	33,483,000	787,700	302,162	-	-	34,572,862	4.26%	2,045
2011	32,618,000	286,501	230,437	-	-	33,134,938	3.92%	1,959
2012	31,443,000	104,872	156,283	-	-	31,704,155	3.65%	1,875
2013	30,218,000	79,189	79,514	-	-	30,376,703	3.48%	1,805
2014	28,943,000	418,281	-	-	-	29,361,281	3.25%	1,744
2015	27,613,000	458,875	-	-	-	28,071,875	3.03%	1,674
2016	27,105,000	620,194	-	-	-	27,725,194	c	1,641
2017	25,385,000	4,934,594	-	-	-	30,319,594	c	c

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

- a Based on Per Capita Income for Burlington County
- b Based on School District Population as of July 1.
- c Not available

**Delran Township School District**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
*(dollars in thousands, except per capita)*

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 9,250,000	\$ -	\$ 9,250,000	0.59%	551
2009	8,435,000	-	8,435,000	0.54%	504
2010	33,483,000	-	33,483,000	2.14%	1,980
2011	32,618,000	-	32,618,000	2.08%	1,928
2012	31,443,000	-	31,443,000	2.23%	1,860
2013	30,218,000	-	30,218,000	2.15%	1,795
2014	28,943,000	-	28,943,000	2.06%	1,719
2015	27,613,000	-	27,613,000	1.97%	1,647
2016	27,105,000	-	27,105,000	1.93%	1,604
2017	25,385,000	-	25,385,000	1.80%	c

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

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

**b** Population data can be found in Exhibit J-14.

**c** Information not available.

Delran Township School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of December 31, 2016

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Township of Delran	\$ 14,381,644	100.000%	\$ 14,381,644
Burlington County General Obligation Debt	3,149,420,840	3.225%	101,568,822
			115,950,466
<b>Delran Township School District Direct Debt</b>			<b>25,665,000</b>
<b>Total direct and overlapping debt</b>			<b>\$ 141,615,466</b>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**Note:** Debt outstanding data provided by each governmental unit.  
 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 Delran. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

Delran Township School District  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years  
 (dollars in thousands)

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis
	2014 \$1,534,861,607
	2015 1,493,223,482
	2016 <u>1,470,364,343</u>
	<b>[A]</b> <u>\$4,498,449,432</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$1,499,483,144
Debt limit (4% of average equalized valuation)	<b>[B]</b> 59,979,326 <sup>a</sup>
Net bonded school debt	<b>[C]</b> <u>25,385,000</u>
Legal debt margin	<b>[B-C]</b> <u>\$ 34,594,326</u>

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 67,896,609	\$ 72,324,384	\$ 73,785,280	\$ 72,946,567	\$ 70,327,689	\$ 67,043,440	\$ 64,058,599	\$ 62,349,753	\$ 61,096,160	\$ 59,979,326
Total net debt applicable to limit	<u>9,878,849</u>	<u>34,293,000</u>	<u>33,483,000</u>	<u>32,618,000</u>	<u>31,443,000</u>	<u>30,218,000</u>	<u>28,943,000</u>	<u>27,613,000</u>	<u>27,105,000</u>	<u>25,385,000</u>
Legal debt margin	<u>\$ 58,017,760</u>	<u>\$ 38,031,384</u>	<u>\$ 40,302,280</u>	<u>\$ 40,328,567</u>	<u>\$ 38,884,689</u>	<u>\$ 36,825,440</u>	<u>\$ 35,115,599</u>	<u>\$ 34,736,753</u>	<u>\$ 33,991,160</u>	<u>\$ 34,594,326</u>
Total net debt applicable to the limit as a percentage of debt limit	14.55%	47.42%	45.38%	44.71%	44.71%	45.07%	45.18%	44.29%	44.36%	42.32%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,  
 Department of Treasury, Division of Taxation

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

**Delran Township School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2008	16,787	\$ 802,687,192	\$ 47,816	4.1%
2009	16,728	797,072,472	47,649	7.1%
2010	16,909	812,426,723	48,047	7.5%
2011	16,915	844,988,825	49,955	7.3%
2012	16,905	868,747,950	51,390	7.2%
2013	16,832	871,645,120	51,785	8.2%
2014	16,834	904,776,998	53,747	5.4%
2015	16,767	925,991,109	55,227	4.1%
2016	16,899	e	e	3.9%
2017	e	e	e	e

**Source:**

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development.
- <sup>b</sup> Personal income for Delran Township.
- <sup>c</sup> Per Capita for Burlington County.
- <sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- <sup>e</sup> Not available.



Delran Township School District  
 Full-time Equivalent District Employees by Function/Program,  
 Last Ten Years

Exhibit J-16

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	198	200	204	193	196	196	205	208	211	214
Special education	21	27	27	26	31	31	34	40	41	43
Other special education	19	22	22	12	12	13	13	10	10	10
Support Services:										
Student & instruction related services	49	47	48	75	74	76	80	80	76	79
School administrative services	17	17	17	17	17	17	17	20	20	20
General and business administrative services	2	2	4	4	4	4	4	4	4	4
Plant operations and maintenance	12	12	13	12	12	12	12	12	12	12
Pupil transportation	1	1	1	1	1	1	1	1	1	1
Business and other support services	9	8	7	9	9	9	9	9	8	9
Total	<u>328</u>	<u>336</u>	<u>343</u>	<u>349</u>	<u>356</u>	<u>359</u>	<u>375</u>	<u>384</u>	<u>383</u>	<u>392</u>

Source: District Personnel Records

Delran Township School District  
 Operating Statistics,  
 Last Ten Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Intermediate	Middle	Senior High School				
2008	2,850	\$ 36,761,156	\$ 12,899	8.89%	238	1:16	1:14	1:13	1:12	2,859	2,717	1.60%	95.03%
2009	2,939	38,542,003	13,114	1.67%	249	1:16	1:14	1:13	1:12	2,891	2,756	1.12%	95.33%
2010	2,984	40,470,619	13,563	3.42%	253	1:16	1:14	1:11	1:12	2,935	2,848	1.52%	97.04%
2011	2,955	39,249,230	13,282	-2.07%	231	1:16	1:14	1:11	1:11	2,914	2,831	-0.72%	97.15%
2012	2,938	39,450,826	13,428	1.10%	239	1:16	1:14	1:11	1:11	2,893	2,812	-0.72%	97.20%
2013	2,887	42,658,090	14,776	10.04%	240	1:16	1:14	1:11	1:11	2,838	2,754	-1.90%	97.04%
2014	2,950	44,209,351	14,986	1.42%	252	1:16	1:14	1:11	1:11	2,956	2,826	4.16%	95.60%
2015	2,980	45,940,230	15,416	2.87%	258	1:16	1:14	1:11	1:11	2,979	2,840	0.78%	95.33%
2016	3,018	47,174,159	15,631	1.39%	262	1:16	1:14	1:11	1:11	3,020	2,888	1.38%	95.63%
2017	2,986	48,374,352	16,200	3.64%	262	1:16	1:14	1:11	1:11	2,982	2,841	-1.26%	95.27%

Sources: District records

Note: Enrollment based on annual October district count.

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

Delran Township School District  
 School Building Information  
 Last Nine Fiscal Years

Exhibit J-18

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>District Building</b>										
<b>Elementary</b>										
Delran High School (1975)										
Square Feet	147,355	147,355	147,355	147,355	147,355	158,436	158,436	158,436	158,436	158,436
Capacity (students)	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060
Enrollment	876	901	900	877	867	819	842	851	884	890
Delran Middle School (1960)										
Square Feet	87,800	87,800	87,800	87,800	87,800	100,851	100,851	100,851	100,851	100,851
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	694	670	652	661	672	691	690	691	723	714
Delran Intermediate School (1996)										
Square Feet	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Capacity (students)	745	745	745	745	745	745	745	745	745	745
Enrollment	600	635	655	663	668	694	689	695	660	704
Millbridge Elementary School (1970)										
Square Feet	74,074	74,074	74,074	74,074	74,074	85,000	85,000	85,000	85,000	85,000
Capacity (students)	945	945	945	945	945	945	945	945	945	945
Enrollment	689	686	728	713	686	634	735	741	753	674

Number of Schools at June 30, 2017  
 Elementary = 2  
 Middle School = 1  
 High School = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

Delran Township School District  
 Schedule of Required Maintenance  
 Last Ten Years

Exhibit J-19

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

* School Facilities	Project #	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Delran School District												
Millbridge School	N/A	\$ 372,824	\$ 194,640	\$ 229,153	\$ 146,740	\$ 139,392	\$ 225,170	\$ 255,682	\$ 203,415	\$ 180,695	\$ 191,295	\$ 2,139,006
Intermediate School	N/A	389,033	165,444	194,780	124,729	118,483	191,395	217,330	172,902	153,591	162,601	1,890,288
Middle School	N/A	356,614	233,569	274,984	176,088	167,270	270,204	306,818	244,098	216,834	229,554	2,476,033
High School	N/A	502,501	379,549	446,850	286,142	271,815	439,081	498,580	396,658	352,356	373,026	3,946,558
Total School Facilities		<u>\$ 1,620,972</u>	<u>\$ 973,202</u>	<u>\$ 1,145,767</u>	<u>\$ 733,699</u>	<u>\$ 696,960</u>	<u>\$ 1,125,850</u>	<u>\$ 1,278,410</u>	<u>\$ 1,017,073</u>	<u>\$ 903,476</u>	<u>\$ 956,476</u>	<u>\$ 10,451,885</u>

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

**Delran Township School District  
Insurance Schedule  
June 30, 2017**

**Exhibit J-20**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Republic Franklin Ins Co		
Commercial Package:		
Property - Blanket Coverage	\$ 106,158,082	\$ 1,000
Flood	2,015,000	25,000
Earthquake	2,000,000	25,000
General Liability	3,000,000	-
Business Auto	1,000,000	1,000
Employee Dishonesty	500,000	250
Crime	100,000	500
Commercial Inland Marine	71,979	250
School District and Educators Legal Liability	1,000,000/2,000,000	10,000
Abuse and Molestation Liability Coverage	1,000,000/3,000,000	
Employee Benefit Programs Liability	1,000,000/3,000,000	1,000
Worker's Compensation - New Jersey School Board	2,000,000	
Commercial Umbrella Liability - Utica Mutual Insurance	15,000,000	10,000
Student Accident Coverage - New Jersey School Board		
Accident Medical Expense Benefit	6,000,000	
Catastrophe Cash Benefit	1,000,000	
Student Accident Coverage - Berkley Life and Health Ins. Co.		
Interscholastic Sports	25,000	
Surety Bond Coverage's - RLI Insurance Co.		
Treasurer	275,000	
School Business Administrator	300,000	

**Source: District records**

**Single Audit Section**

**INVERSO & STEWART, LLC**  
**Certified Public Accountants**

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-Member of-  
 American Institute of CPAs  
 New Jersey Society of CPAs

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT  
 ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
 UNIFORM GUIDANCE AND STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and Members  
 of the Board of Education  
 Delran Township School District  
 County of Burlington  
 Delran, New Jersey

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

I have audited Delran Township School District's (School District), in the County of Burlington, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2017. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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*. Those standards, the Uniform Guidance and State of New Jersey Circular 15-08-OMB require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or 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 I considered necessary in the circumstances.

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

### Opinion on Each Major Federal and State Program

In my opinion, the Delran Township School District, in the County of Burlington, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017.

### Report on Internal Control Over Compliance

Management of the Delran Township School District, in the County of Burlington, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I 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 federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Delran Township School District's internal control over compliance.

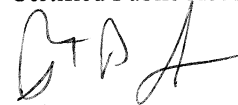
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

**INVERSO & STEWART, LLC**

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey  
October 20, 2017



DELTRAN TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2016			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	June 30, 2017		
						Accounts Receivable	Deferred Revenue	Due to Grantor at						Accounts Receivable	Deferred Revenue	Due to Grantor at
<b>U.S. Department of Education</b>																
<b>General Fund:</b>																
Medical Assistance Program - (SEMI)	93.778	1705NJ5MAP	N/A	\$ 57,053	7/1/16 - 6/30/17	\$ -	\$ -	\$ -	\$ -	\$ 57,053	\$ (57,053)	\$ -	\$ -	\$ -	\$ -	
ARRA - Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	N/A	4,507	4/1/09 - 12/31/09	-	-	-	-	4,507	(4,507)	-	-	-	-	
<b>Total General Fund</b>						-	-	-	-	61,560	(61,560)	-	-	-	-	
<b>U.S. Department of Education</b>																
<b>Special Revenue Fund:</b>																
<b>No Child Left Behind(N.C.L.B.)</b>																
Title I - Current Year	84.010A	S010A160030	NCLB-1060-17	372,364	7/1/16 - 6/30/17					111,319	(258,684)			(147,365)		
Title I - Prior Year	84.010A	S010A150030	NCLB-1060-16	383,540	7/1/15 - 6/30/16	(342,634)				342,634				-		
Title IIA Current Year	84.367A	S367A160029	NCLB-1060-17	59,742	7/1/16 - 6/30/17					16,377	(40,072)			(23,695)		
Title IIA Prior Year	84.367A	S367A150029	NCLB-1060-16	86,957	7/1/15 - 6/30/16	(61,076)				61,076				-		
Title III - Current Year	84.365A	S365A160030	NCLB-1060-17	42,426	7/1/16 - 6/30/17					14,198	(22,881)			(8,683)		
Title III - Prior Year	84.365A	S365A150030	NCLB-1060-16	28,638	7/1/15 - 6/30/16	(23,958)				23,958				-		
Title III - Current Year - Immigrant	84.365A	S365A160030	NCLB-1060-17	7,235	7/1/16 - 6/30/17					128	(128)			-		
Title III - Prior Year - Immigrant	84.365A	S365A150030	NCLB-1060-16	10,488	7/1/15 - 6/30/16	(8,864)				8,864				-		
<b>Individuals With Disabilities Act (I.D.E.A.)</b>																
Part B - Basic - Current Year	84.027	H027A160100	IDEA-1060-17	694,786	7/1/16 - 6/30/17						(677,454)			(677,454)		
Part B - Basic - Prior Year	84.027	H027A150100	IDEA-1060-16	722,145	7/1/15 - 6/30/16	(702,685)				702,685				-		
Part B - Preschool - Current Year	84.173	H173A160114	IDEA-1060-17	43,232	7/1/16 - 6/30/17						(35,404)			(35,404)		
Part B - Preschool - Prior Year	84.173	H173A150114	IDEA-1060-16	23,580	7/1/15 - 6/30/16	(19,750)				3,449		(16,301)		-		
<b>Total Special Revenue Fund</b>						(1,158,967)	-	-	-	1,284,688	(1,034,623)	(16,301)	-	(892,601)	-	
<b>U.S. Department of Agriculture</b>																
<b>Enterprise Fund:</b>																
Food Distribution Program	10.565	171NJ304N1099	N/A	111,901	7/1/16 - 6/30/17					111,901	(111,901)					
National School Lunch Program	10.555	171NJ304N1099	N/A	361,561	7/1/16 - 6/30/17					346,551	(361,561)			(15,010)		
National School Lunch Program	10.555	16161NJ304N1099	N/A	350,020	7/1/15 - 6/30/16	(16,338)				16,338				-		
School Breakfast Program	10.553	171NJ304N1099	N/A	73,220	7/1/16 - 6/30/17					67,556	(73,220)			(5,664)		
School Breakfast Program	10.553	16161NJ304N1099	N/A	71,954	7/1/15 - 6/30/16	(5,109)				5,109				-		
<b>Total Enterprise Fund</b>						(21,447)	-	-	-	547,455	(546,682)	-	-	(20,674)	-	
<b>Total Federal Awards</b>						\$ (1,180,414)	\$ -	\$ -	\$ -	\$ 1,893,703	\$ (1,642,865)	\$ (16,301)	\$ -	\$ (913,275)	\$ -	

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

DELRAN TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2017

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2016			Carryover (Walkover) Amount	Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2017		
				Accounts Receivable	Deferred Revenue	Due to Grantor at						Accounts Receivable	Deferred Revenue	Due to Grantor at
<b>State Department of Education</b>														
<u>General Fund:</u>														
Extraordinary Aid	17-495-034-5120-044	\$379,498	7/1/16 - 6/30/17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (379,498)	\$ -	\$ (379,498)	\$ -	\$ -
Extraordinary Aid	16-495-034-5120-044	330,740	7/1/15 - 6/30/16	(330,740)					330,740					
Additional Nonpublic Transportation Aid	17-04103190	18,096	7/1/15 - 6/30/17							(18,096)		(18,096)		
Additional Nonpublic Transportation Aid	16-04103190	18,411	7/1/15 - 6/30/16	(18,411)					18,411					
Special Education Categorical Aid	17-495-034-5120-089	1,736,961	7/1/15 - 6/30/17					1,576,352	(1,736,961)			(160,609)		
Special Education Categorical Aid	16-495-034-5120-089	1,707,479	7/1/15 - 6/30/16	(158,985)				158,985						
Equalization Aid	17-495-034-5120-078	9,584,107	7/1/15 - 6/30/17					8,697,909	(9,584,107)			(886,198)		
Equalization Aid	16-495-034-5120-078	9,568,442	7/1/15 - 6/30/16	(890,924)				890,924						
Security Aid	17-495-034-5120-084	88,152	7/1/15 - 6/30/17					80,001	(88,152)			(8,151)		
Security Aid	16-495-034-5120-084	74,011	7/1/15 - 6/30/16	(6,891)				6,891						
Transportation Aid	17-495-034-5120-014	136,244	7/1/15 - 6/30/17					123,646	(136,244)			(12,598)		
Transportation Aid	16-495-034-5120-014	112,213	7/1/15 - 6/30/16	(10,448)				10,448						
Under Adequacy Aid	17-495-034-5120-096	14,105	7/1/15 - 6/30/17					12,801	(14,105)			(1,304)		
Under Adequacy Aid	16-495-034-5120-096	14,105	7/1/15 - 6/30/16	(1,313)				1,313						
Homeless Aid	17-495-034-5120-005	20,615	7/1/15 - 6/30/17						(20,615)			(20,615)		
PARCC Readiness Aid	17-495-034-5120-098	29,660	7/1/15 - 6/30/17					26,917	(29,660)			(2,743)		
PARCC Readiness Aid	16-495-034-5120-098	29,660	7/1/15 - 6/30/16	(2,762)				2,762						
Per Pupil Growth Aid	17-495-034-5120-097	29,660	7/1/15 - 6/30/17					26,918	(29,660)			(2,742)		
Per Pupil Growth Aid	16-495-034-5120-097	29,660	7/1/15 - 6/30/16	(2,762)				2,762						
Professional Learning Community Aid	17-495-034-5120-101	30,550	7/1/15 - 6/30/17					27,725	(30,550)			(2,825)		
On Behalf TPAF - Pension	17-495-034-5094-002	1,934,391	7/1/15 - 6/30/17					1,934,391	(1,934,391)					
On Behalf TPAF - Post Retirement Medical	17-495-034-5094-001	1,611,788	7/1/15 - 6/30/17					1,611,788	(1,611,788)					
On Behalf TPAF - Pension LTDI	17-495-034-5094-004	4,253	7/1/15 - 6/30/17					4,253	(4,253)					
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	1,344,958	7/1/15 - 6/30/17					1,279,618	(1,344,958)			(65,340)		
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	1,321,705	7/1/15 - 6/30/16	(65,142)				65,142						
Total General Fund				(1,488,378)	-	-	-	-	16,890,697	(16,963,038)	-	(1,560,719)	-	---
<u>Special Revenue Fund</u>														
<u>N.J. Nonpublic Aid:</u>														
Textbook Aid	17-100-034-5120-064	29,396	7/1/15 - 6/30/17					29,396	(29,185)					211
Textbook Aid	16-100-034-5120-064	33,346	7/1/15 - 6/30/16			708					(708)			
Nursing Aid	17-100-034-5120-070	46,080	7/1/15 - 6/30/17					46,080	(46,080)					-
Technology Initiative	17-100-034-5120-373	15,184	7/1/15 - 6/30/17					13,260	(10,045)					3,215
Technology Initiative	16-100-034-5120-373	15,184	7/1/15 - 6/30/16			11,912					(11,912)			-
Security Aid	17-100-034-5120-509	25,600	7/1/15 - 6/30/17					25,600	(25,410)					190
Security Aid	16-100-034-5120-509	14,675	7/1/15 - 6/30/16			1,500					(1,500)			
<u>Auxiliary Services:</u>														
Compensatory Education	17-100-034-5120-067	78,830	7/1/15 - 6/30/17					78,830	(62,527)					16,303
Compensatory Education	16-100-034-5120-067	104,062	7/1/15 - 6/30/16			51,440					(51,440)			
English as a Second Language	17-100-034-5120-067	25,578	7/1/15 - 6/30/17					25,578	(6,943)					18,635
English as a Second Language	16-100-034-5120-067	21,569	7/1/15 - 6/30/16			17,255					(17,255)			
<u>Handicapped Services:</u>														
Examination & Classification	17-100-034-5120-066	52,774	7/1/15 - 6/30/17					52,774	(35,305)					17,469
Examination & Classification	16-100-034-5120-066	37,167	7/1/15 - 6/30/16			1,024					(1,024)			
Corrective Speech	17-100-034-5120-066	9,719	7/1/15 - 6/30/17					9,719	(2,562)					7,157
Corrective Speech	16-100-034-5120-066	6,940	7/1/15 - 6/30/16			251					(251)			
Supplemental Instruction	17-100-034-5120-066	41,589	7/1/15 - 6/30/17					41,589	(14,831)					26,758
Supplemental Instruction	16-100-034-5120-066	31,931	7/1/15 - 6/30/16			1,856					(1,856)			
Total Special Revenue Fund				-	-	85,946	-	-	322,826	(232,888)	(85,946)	-	-	89,938

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Continued

DELRAN TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2017

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2016			Carryover (Walkover) Amount	Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2017		
				Accounts Receivable	Deferred Revenue	Due to Grantor at						Accounts Receivable	Deferred Revenue	Due to Grantor at
New Jersey School Development Authority														
<u>Capital Projects Fund</u>														
Middle School Roof Replacement	1060-007-14-1002	\$948,028	7/1/14 - 6/30/15	\$ (302,451)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (302,451)	\$ -	\$ -
<u>Debt Service Fund</u>														
Debt Service Aid Type II	17-495-034-5120-017	403,849	7/1/16 - 6/30/17	-	-	-	-	403,849	(403,849)	-	-	-	-	-
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program	17-100-010-3350-023	11,585	7/1/16 - 6/30/17	-	-	-	-	11,113	(11,585)	-	-	(472)	-	-
State School Lunch Program	16-100-010-3350-023	12,034	7/1/15 - 6/30/16	(541)	-	-	-	541	-	-	-	-	-	-
Total Enterprise Fund				(541)	-	-	-	11,654	(11,585)	-	-	(472)	-	-
Total State Financial Assistance				<u>\$ (1,791,370)</u>	<u>\$ -</u>	<u>\$ 85,946</u>	<u>\$ -</u>	<u>\$ 17,629,026</u>	<u>\$ (17,611,360)</u>	<u>\$ (85,946)</u>	<u>\$ (1,863,642)</u>	<u>\$ -</u>	<u>\$ 89,938</u>	
Less: State Financial Expenditures Not Subject to Major Program Determination														
On-Behalf TPAF Contribution - Pension (Non-Budgeted)														
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)														
On-Behalf TPAF Contribution - Pension LTDI (Non-Budgeted)														
Total State Financial Expenditures Subject to Major Program Determination														
<div style="text-align: right;"> <u>(1,934,391)</u>  <u>(1,611,788)</u>  <u>(4,253)</u>  <u>\$ (14,060,928)</u> </div>														

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

**Delran Township School District  
Notes to Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2017**

**I. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Delran Township School District ("School District"). The School District is defined in Note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *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 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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 the expenditures have been made.

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$3,085) in the general fund and \$-0- in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
<b>General</b>	\$ 61,560	\$ 16,959,953	\$ 17,021,513
<b>Special Revenue</b>	1,034,623	232,888	1,267,511
<b>Debt Service</b>		403,849	403,849
<b>Food Service</b>	546,682	11,585	558,267
<b>Total</b>	<u>\$ 1,642,865</u>	<u>\$ 17,608,275</u>	<u>\$ 19,251,140</u>

**Delran Township School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2017  
(Continued)**

**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.

**5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. TPAF Pension Contributions represents the amount paid by the State on behalf of the School District for the year ended June 30, 2017. 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, 2017.

**6. MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**7. ADJUSTMENTS**

Amounts reported in the column entitled "Adjustments" represent the following:

	<u>Federal</u>	<u>State</u>
Prior Year Receivable Canceled	\$ <u>16,301</u>	\$ <u>-</u>

**DELRAN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section I --Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weaknesses identified?            yes   X   no

2) Significant deficiencies identified?            yes   X   none reported

Noncompliance material to basic financial statements noted?   X   yes            no

**Federal Awards**

Internal Control over major programs:

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

2) Significant deficiencies identified?            yes   X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ( Uniform Guidance)?            yes   X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>171NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>171NJ304N1099</u>	<u>School Breakfast Program</u>

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

Auditee qualified as low-risk auditee?   X   yes            no

**DELRAN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section 1 -- Summary of Auditor's Results (Cont'd)**

**State Awards Section**

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

Auditee qualified as low-risk auditee?   X   yes          no

Internal Control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weakness?          yes   X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable?          yes   X   no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120-078</u>	<b>State Aid Public Cluster:</b> <u>Equalization Aid</u>
<u>17-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-083</u>	<u>Under Adequacy Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u>17-100-010-3350-023</u>	<u>School Lunch Program</u>

**DELRAN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section 2 -- Schedule of Financial Statement Findings**

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

**Finding #2017-001**

**Criteria or specific requirement:**

The District is responsible for making accurate and timely payments of state and federal payroll taxes.

**Condition:**

The district did not consistently remit federal and state payroll taxes in an accurate and timely manner resulting in penalties and interest charges from taxing authorities.

**Context:**

As part of the payroll audit procedures, a review was performed of federal and state taxes due and remitted for the fiscal year ending June 30, 2017. In several instances payments made did not agree with reported taxes.

**Effect:**

Inaccurate and untimely payment of payroll taxes result in penalties and interest from taxing authorities.

**Cause:**

Oversight.

**Recommendation:**

That all payroll taxes be remitted in an accurate and timely manner.

**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.



**DELRAN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section 2 -- Schedule of Financial Statement Findings (Continued)**

**Finding #2017-002**

**Criteria or specific requirement:**

N.J.A.C. 6A:23-16.12 requires all receipts be deposited promptly.

**Condition:**

Receipts for Intermediate School Activity Fund and Middle School Athletic Fund were did not appear to deposited promptly.

**Context:**

The audit testing revealed several receipts for the Intermediate School Activity Fund and Middle School Athletic Fund were not deposited promptly.

**Effect:**

The District did not comply with N.J.A.C. 6A:23-16.12.

**Cause:**

Unknown

**Recommendation:**

That all student activity fund receipts be promptly deposited.

**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.

**DELRAN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section 3 -- Schedule of Federal Awards and State Financial Assistance  
Findings and 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

**FEDERAL AWARDS:**

No findings and/or questioned costs identified.

**STATE AWARDS:**

No findings and/or questioned costs identified.

**DELRAN TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

**FINANCIAL STATEMENT FINDINGS**

**Finding #2016-001**

**Condition:**

The district did not maintain a payroll agency analysis as part of its payroll agency account reconciliation process. This resulted in an accumulation of funds in this account that did not agree with liabilities subsequently paid to payroll agencies resulting in unidentified funds in the payroll agency account.

**Current Status:**

This condition has been corrected.

**Finding #2016-002**

**Condition:**

Receipts supporting documentation was not maintained for the High School, Intermediate, Middle, and Millbridge School Student Activity Funds. Also, disbursement supporting documentation was not maintained for the Intermediate School Student Activity Fund.

**Current Status:**

This condition has been corrected.

**FEDERAL AWARDS**

There were no prior year audit findings.

**STATE AWARDS**

There were no prior year audit findings.