

**UPPER DEERFIELD TOWNSHIP  
SCHOOL DISTRICT  
SEABROOK, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
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## **INTRODUCTORY SECTION**

# UPPER DEERFIELD TOWNSHIP SCHOOLS

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[WWW.UDTS.ORG](http://WWW.UDTS.ORG)

## ADMINISTRATIVE OFFICES

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SEABROOK, NEW JERSEY 08302



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[brattyc@udts.org](mailto:brattyc@udts.org)

November 27, 2017

Honorable President and  
Members of the Board of Education  
Upper Deerfield Township School District  
County of Cumberland, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Upper Deerfield Township School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the governmental activities, the business type activities, and each major fund 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 Management's Discussion and Analysis and the basic 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Treasury Circular 15-08-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and questioned costs, is included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Upper Deerfield Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All major funds of the District are included in this report. The Upper Deerfield Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 8. These include regular, as well as special education for handicapped students. The following details the changes in the student enrollment of the District over the last ten years.

## **1) REPORTING ENTITY AND ITS SERVICES (CONT'D):**

### **Average Daily Enrollment**

<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2016-17	890	-1.77%
2015-16	906	-0.88%
2014-15	914	+1.44%
2013-14	901	+0.89%
2012-13	897	+4.30%
2011-12	859	-4.30%
2010-11	898	-3.50%
2009-10	943	+2.74%
2008-09	888	0.00%
2007-08	889	-2.70%

**2) ECONOMIC CONDITIONS AND OUTLOOK:** Upper Deerfield Township's new development is slow. The economic condition of the community is anticipated to be steady. Existing businesses and industries appear stable.

### **3) MAJOR INITIATIVES:**

As our district engages in the challenging work to achieve the vision established by the Board of Education, we continue to set high academic and behavioral expectations for all students. Teachers engage in collaborative planning to create high student engagement, connect classroom learning and lessons to daily life by integrating components that will continue to be reviewed, revised, and refined during the planning and implementation process. In our district's vision, the focus is on the students being at the core of our business to promote the development of the whole student while providing them with the knowledge, skills, and integrity to meet life's challenges. Our programs are designed to fulfill their needs and enable our students to become productive in both the school and the community. All three schools of the Upper Deerfield Township School District are committed to creating a community of tolerance and acceptance that provides children the opportunity for extraordinary educational experiences. An inclusive environment is promoted in our district as we find a fitting place for every child.

In planning for the success of all students, we focus on the instructional practices that are most beneficial to our students and staff to foster an environment that promotes a quality education for all. Our district continues to implement many new curriculum initiatives as part of an overall curriculum evaluation plan. We are striving to close achievement gaps while increasing opportunities for student and parent involvement.

Once again in the classrooms this year there is an across-the-board initiative to enhance student engagement and responsibility for learning. The staff is committed to finding ways to continue to improve student learning as evidenced by the work of several Professional Learning Communities (PLC) focusing on this topic. The Common Core has been embraced and is being implemented on all levels, supported by our ever expanding technology initiatives. We are also focusing on the following:

- Improve student achievement across all content areas.
- Improve student achievement across all student groups.
- Increase student engagement in learning.
- Increase student responsibility for learning.
- Promote and maintain a safe learning environment.
- Attract, develop, retain and support caring, motivated, innovative, engaging, and professional faculty and staff.
- Differentiate instruction based on student individual needs.
- Identify and use multiple measures of student learning.
- Increase accountability for performance.



### **3) MAJOR INITIATIVES (CONT'D):**

In grades three through eight students have individual chromebooks while the pre-k through grade two students are working with iPads in the classroom and we are in the process of obtaining additional educational software to increase opportunities in the learning experiences for the students. There are also computer labs in each building for student and staff use. The Common Core is supplemented by an opportunity to participate in Spanish in grades four through eight and all students are exposed to a rich experience in visual and performing arts and vocal and instrumental music.

Accordingly, our three schools are structured to provide diverse learning environments which actively engage students in critical thinking, strategic planning, hands-on learning and problem solving. All students are active partners in their learning experience and equally accepting of their responsibility to challenge themselves to meet with success. As part of our program initiatives our schools will continue to and/or implement the following:

- Response-to-Intervention (RTI), tiered instruction
- Multiple assessments (e.g., IEPs computer-adaptive, inventory of teachers use of authentic assessments)
- Teacher performance evaluation systems that are aligned with NJ ACHIEVE
- Professional development that are focused on professional growth plans and action research.

Upper Deerfield Township School District is reaching out into the community and continues to develop partnerships with various businesses and other districts to share services. This provides additional positive support in various ways and strengthens the educational effort of the school district. With this in mind, we are focusing on the following areas:

- Improve District's communication with parents and community.
- Promote parental and community support for student learning and achievement.
- Support active district/school and community partnerships.
- Access local talent and expertise to support district/school goals and objectives.

The initiatives of our district represent the type of reflection and discussions that our district set forth as a planning and decision making guide to determine a path for success of students, teachers, families, and community. These initiatives reflect the commitment of the Upper Deerfield Township School District and the Upper Deerfield Township Community as a partnership investing in the education of the children in our district.

**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 are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As 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. 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 assignments of fund balance at June 30.

**6) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

**7) FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

**8) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 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 failed banking institutions in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

**10) INDEPENDENT AUDIT:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the District. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Treasury Circular 15-08-OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.*" The auditor's report on the basic financial statements, required supplemental information and supplemental information are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**11) ACKNOWLEDGEMENTS:** The preparation of this report would not have been possible without the dedication and skill of the Business Office staff. We would also like to express our appreciation to the members of the Upper Deerfield Township School District Board of Education for their support in providing a sound financial operation.

Respectfully Submitted,



Dr. Peter L. Koza  
Superintendent

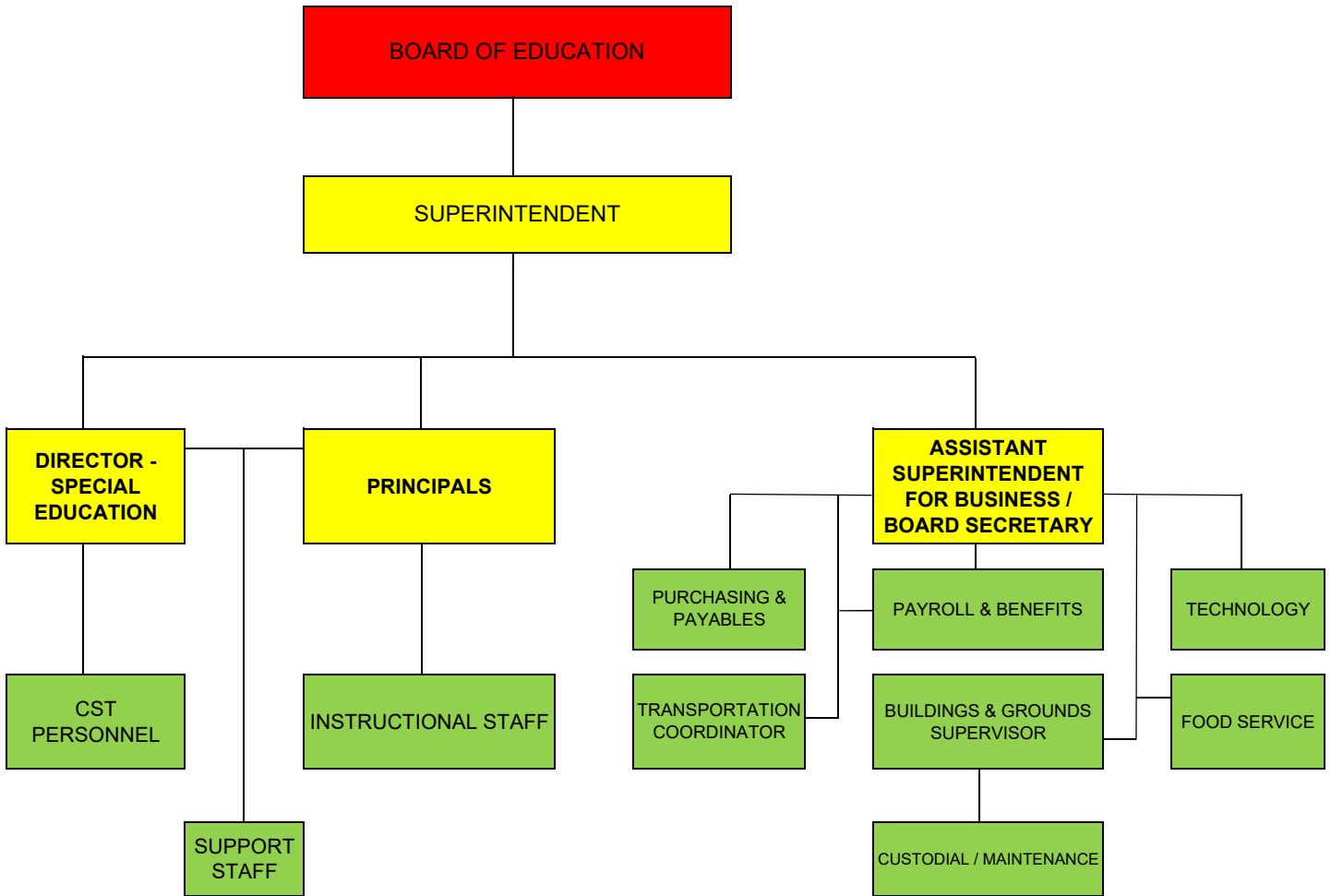
Respectfully Submitted,



Cherie R. Bratty  
Assistant Superintendent for Business/  
Board Secretary

# UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT

## ORGANIZATIONAL CHART



UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT

ROSTER OF OFFICIALS

June 30, 2017

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Anthony Buono Jr., President	2019
Peter Ballinger	2019
Samuel Elwell	2017
Joseph T. Lee Jr.	2019
Fred Pierce	2017
Carmen Pino	2018
Teresa Warburton	2018

**OTHER OFFICIALS**

Dr. Peter L. Koza, Superintendent

Cherie R. Bratty, Assistant Superintendent for Business / Board Secretary

Kim Fleetwood, Treasurer of School Monies

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**

**CONSULTANTS AND ADVISORS**

**June 30, 2017**

**AUDIT FIRM**

Fred S. Caltabiano  
Bowman & Company LLP  
Certified Public Accountants & Consultants  
6 North Broad Street, Suite 201  
Woodbury, New Jersey 08096

**ATTORNEY**

Jane Capasso  
Lipman, Antonelli, Batt, Gilson, Rothman, and Capasso  
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**OFFICIAL DEPOSITORY**

Ocean First  
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Route 77 & Big Oak Road  
Seabrook, New Jersey 08302

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Upper Deerfield Township School District  
Seabrook, New Jersey 08302

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Upper Deerfield Township School District, in the County of Cumberland, 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**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Upper Deerfield Township School District, in the County of Cumberland, 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.

## **Emphasis of Matter**

### *Prior Period Restatement*

As discussed in note 20 to the financial statements, the School District restated its net position for governmental activities as of June 30, 2016 as a result of a prior period adjustment to Deferred Outflows of Resources Related to Pensions. Our opinions are not modified with respect to this matter.

## **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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Deerfield Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures 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 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 our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017 on our consideration of the Upper Deerfield Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Upper Deerfield Township School District's internal control over financial reporting and compliance.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Fred S. Caltabiano*

Fred S. Caltabiano  
Certified Public Accountant  
Public School Accountant No. CS00238100

Woodbury, New Jersey  
November 27, 2017

**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  
Upper Deerfield Township School District  
Seabrook, New Jersey 08302

We 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 *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and 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 Upper Deerfield Township School District, in the County of Cumberland, 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 our report thereon dated November 27, 2017. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements as a result of a prior period adjustment to Deferred Outflows of Resources Related to Pensions.

**Internal Control Over Financial Reporting**

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Fred S. Caltabiano*

Fred S. Caltabiano  
Certified Public Accountant  
Public School Accountant No. CS00238100

Woodbury, New Jersey  
November 27, 2017

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

## UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)

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The Management's Discussion and Analysis (MD&A) of the Upper Deerfield Township School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017 and 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements, and financial statements to enhance their understanding of the District's financial performance.

### **Financial Highlights**

- The total assets and deferred outflows of resources of the District exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,289,710.75 (net position).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,672,887.05, an increase of \$313,891.22 in comparison with the prior year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

## UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)

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### Overview of the Financial Statements (Cont'd)

#### Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets/deferred outflow of resources and liabilities/deferred inflow of resources – are one way to measure the District's financial health or position.

- Increase or decrease in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health or position of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities* – The basic services, such as instruction for regular and special education, maintenance and operations, transportation and administration are included as government activities. Property taxes, state aid and fund balance appropriated finance most of these activities.
- *Business-type activities* – The District charges fees to cover the costs of certain services such as food services, community education and recreation, and joint pupil transportation.

#### Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on the significant funds – not the District as a whole. Funds are used by the District to keep track of specific sources of funding and spending on particular programs:

- May distinguish state or federal grants.
- Funds for capital projects and long-term debt.

The District has three kinds of funds:

- *Governmental funds* – The District's basic services are included in governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary funds* – These funds represent charges or fees for such activities as food services, community education and recreation, and joint pupil transportation.

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)

**Overview of the Financial Statements (Cont'd)**

**Fund Financial Statements (Cont'd)**

- *Fiduciary funds* – The District is the trustee for assets that belong to others. The student activities funds which include clubs, classes, athletics and scholarship funds are maintained in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. These funds are not included in the government-wide financial statements since the District is not permitted to use these assets in the District operation.
- *Notes to the Financial Statement* - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Financial Analysis of the District as a Whole**

Table 1 provides a summary of the District's net position for fiscal years 2017 and 2016.

**TABLE 1**  
Net Position

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>% Change</u>
Current and Other Assets	\$ 3,421,166.56	\$ 2,984,701.00	\$ 436,465.56	14.62%
Capital Assets	14,199,550.00	14,795,863.00	(596,313.00)	-4.03%
Total Assets	<u>17,620,716.56</u>	<u>17,780,564.00</u>	<u>(159,847.44)</u>	<u>-0.90%</u>
Deferred Outflow of Resources	<u>2,510,188.00</u>	<u>1,348,708.00</u>	<u>1,161,480.00</u>	<u>86.12%</u>
Long-Term Liabilities	9,482,201.60	8,213,833.79	1,268,367.81	15.44%
Other Liabilities	1,138,498.21	1,063,074.00	75,424.21	7.09%
Total Liabilities	<u>10,620,699.81</u>	<u>9,276,907.79</u>	<u>1,343,792.02</u>	<u>14.49%</u>
Deferred Inflow of Resources	<u>220,494.00</u>	<u>223,152.00</u>	<u>(2,658.00)</u>	<u>-1.19%</u>
Net Position:				
Net Investment in Capital Assets	12,234,550.00	12,425,863.00	(191,313.00)	-1.54%
Restricted	3,051,546.80	2,716,062.00	335,484.80	12.35%
Unrestricted (Deficit)	<u>(5,996,386.05)</u>	<u>(5,512,712.79)</u>	<u>(483,673.26)</u>	<u>8.77%</u>
Total Net Position	<u>\$ 9,289,710.75</u>	<u>\$ 9,629,212.21</u>	<u>\$ (339,501.46)</u>	<u>-3.53%</u>

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)

**Financial Analysis of the District as a Whole (Cont'd)**

Table 2 reflects changes in net position for fiscal years 2017 and 2016.

**TABLE 2**  
Change in Net Position

<b>Revenues:</b>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>% Change</u>
Program revenues:				
Charges for services	\$ 2,309,408.27	\$ 2,416,546.00	\$ (107,137.73)	-4.43%
Operating grants and contributions	6,458,549.77	3,280,080.00	3,178,469.77	96.90%
General revenues:				
Property taxes	7,274,404.00	7,162,200.00	112,204.00	1.57%
Federal & state grants	6,390,590.04	8,168,610.00	(1,778,019.96)	-21.77%
Other	107,074.25	158,936.00	(51,861.75)	-32.63%
<b>Total Revenues</b>	<u>22,540,026.33</u>	<u>21,186,372.00</u>	<u>1,353,654.33</u>	<u>6.39%</u>
<b>Expenses:</b>				
Governmental Activities				
Instruction:				
Regular, special education, other	6,871,379.58	6,750,706.00	120,673.58	1.79%
Support services:				
Tuition	210,492.94	203,949.00	6,543.94	3.21%
Student and instruction related services	1,985,790.06	1,614,574.00	371,216.06	22.99%
General administrative services	415,128.88	315,993.00	99,135.88	31.37%
School administrative services	441,067.43	507,446.00	(66,378.57)	-13.08%
Central services	256,366.14	250,054.00	6,312.14	2.52%
Administrative information technology	94,129.08	113,720.00	(19,590.92)	-17.23%
Plant operations and maintenance	1,537,895.62	1,474,661.00	63,234.62	4.29%
Pupil transportation	2,715,677.15	2,869,563.00	(153,885.85)	-5.36%
Unallocated benefits	7,511,264.89	6,296,601.00	1,214,663.89	19.29%
Transfer of funds to charter schools	50,553.00	20,549.00	30,004.00	146.01%
Interest on long-term debt	190,906.00	206,898.00	(15,992.00)	-7.73%
Total governmental activities expenses	<u>22,280,650.77</u>	<u>20,624,714.00</u>	<u>1,655,936.77</u>	<u>8.03%</u>
Business Type Activities				
Food service	514,305.34	560,945.00	(46,639.66)	-8.31%
Community education and recreation fund	84,571.68	64,528.00	20,043.68	31.06%
Total business-type activities expenses	<u>598,877.02</u>	<u>625,473.00</u>	<u>(26,595.98)</u>	<u>-4.25%</u>
<b>Total Expenses</b>	<u>22,879,527.79</u>	<u>21,250,187.00</u>	<u>1,629,340.79</u>	<u>7.67%</u>
Net Increase (Decrease) in Net Position	(339,501.46)	(63,815.00)		
Beginning Net Position	<u>9,629,212.21</u>	<u>9,693,027.21</u>		
Ending Net Position	<u>\$ 9,289,710.75</u>	<u>\$ 9,629,212.21</u>	<u>\$ (339,501.46)</u>	<u>-3.53%</u>



**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)

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**Financial Analysis of the District as a Whole (Cont'd)**

**Governmental-Type Activities**

- There was a decrease of \$382,021.80 or 4.10% in governmental activities net position. Mainly due to depreciation of capital assets.
- Property taxes increased \$112,204.00 or 1.57% from the prior year. Most of this increase is the product of funding general fund services and programs. Property taxes had increased by \$113,748.00 or 1.61% from the 14-15 to the 15-16 school year.
- Total Expenses (GASB level) increased \$1,655,936.77 or 8.03% from the prior year.
  - TPAF Pension related expenses and revenues related to GASB 68, increased by \$1,348,054.00 over the prior year (\$4,139,784.00 - \$2,791,730.00).
  - Health Benefits increased by \$264,197.46 over the prior year (\$2,018,727.46 - \$1,754,530.00).

**Business-Type Activities**

- There was an increase of \$42,520.34 or 13.24% in business-type activities net position.
- Expenses for food service activities decreased by \$46,639.66 or 8.31%, revenues decreased by \$81,355.11 or 13.66%.
- Expenses for daycare activities services increased by \$20,043.68, revenues increased by \$29,869.47.

## UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)

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### **General Fund Budgetary Highlights**

During the course of the 2017 fiscal year, the District modified its general fund budget numerous times.

The final budgetary basis anticipated revenue was \$13,218,963.00, actual revenues were \$14,927,954.96.

During fiscal year 2017, the District budgeted \$6,777,133.00 and \$6,335,736.00 for property taxes (general tax levy) and state aid revenues, respectively. The District also received \$460,922.21 and \$1,194,884.00 in reimbursed T.P.A.F. Social Security Aid and T.P.A.F. Pension Contributions, respectively.

The final budgetary basis expenditures was \$13,822,455.50, actual expenditures were \$14,587,161.28.

The District's expenditures also include the reimbursed T.P.A.F. Social Security Aid and T.P.A.F. Pension Contributions of \$460,922.21 and \$1,194,884.00 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

### **Financial Analysis of the Government's Funds**

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

**Governmental Funds** - The focus of the 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 District's financing requirements. In particular, unassigned 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 District's governmental funds reported combined ending fund balances of \$2,672,887.05, an increase of \$313,891.22 in comparison with the prior year.

Of the combined ending fund balances of \$2,672,887.05, \$(384,784.58) constitutes unassigned fund balance (does not include final June State Aid Revenue). The remainder of fund balance is assigned or restricted to indicate that it is not available for new spending because it has already been committed. For example, to liquidate contracts and purchase orders of the prior period fund balance of \$6,124.83 is assigned.

The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$(339,522.58) (does not include final June State Aid Revenue), while total fund balance was \$2,692,082.68.

**Proprietary Funds** - The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position consisted of the following: \$150,218.76 for the food service program and \$144,776.79 for the daycare program. Other factors concerning the finance of this fund have already been addressed in the discussion of the District's business-type activities.

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)

**Capital Asset and Debt Administration**

**Capital Assets** - The District's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$14,199,550.00 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, and equipment.

There were no major capital asset events during the fiscal year.

**TABLE 3**  
Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Land	\$ 312,269.00	\$ 312,269.00
Machinery and Equipment	750,714.00	750,714.00
Building and Improvements	21,615,232.00	21,615,232.00
Land Improvements	<u>696,155.00</u>	<u>696,155.00</u>
 Total Capital Assets	 <u>23,374,370.00</u>	 <u>23,374,370.00</u>
 Less: Accumulated Depreciation	 <u>(9,174,820.00)</u>	 <u>(8,578,507.00)</u>
 Net Capital Assets	 <u>\$ 14,199,550.00</u>	 <u>\$ 14,795,863.00</u>

Additional information on the District's capital assets can be found in the Notes to the Financial Statements.

**Long-term Debt** - At the end of the current fiscal year, the District had total bonded debt outstanding of \$1,965,000.00 (debt outstanding end of prior year was \$2,370,000.00). The entire District's bonded debt is governmental as opposed to business-type. The bonds have a final maturity date of February 1, 2022.

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)

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**Economic Factors and Next Year's Budget**

For the 2016-17 school year, the District was able to sustain its budget through property taxes, federal and state aid, and miscellaneous revenue sources.

One of the most important factors affecting the District's budget is state aid. The 2017-18 budget was adopted with a 1.58% tax levy increase; based in part on the state aid the District anticipates receiving. The anticipated state aid general fund amount is shown below.

Summary of budgeted state aid revenue anticipated - general fund

<u>Fiscal Year</u>	<u>Amount</u>	<u>Change</u>	
2017-2018	\$6,336,224	\$488	**
2016-2017	6,335,736	53,414	
2015-2016	6,282,322	-0-	
2014-2015	6,282,322		

\*\* = awarded an additional \$140,638.00 after adoption of budget

Any reduction of state aid and increase in expenditures will put an additional burden on the taxpayers of Upper Deerfield Township.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cherie R. Bratty, Assistant Superintendent for Business/Board Secretary at:

Upper Deerfield Township School District  
1385 Highway 77  
Seabrook, New Jersey 08302

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT- WIDE FINANCIAL STATEMENTS**

## UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT

## Statement of Net Position

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,804,700.12	\$ 288,025.74	\$ 3,092,725.86
Internal Balances	7,566.33	(7,566.33)	
Receivables, net	302,317.70	23,930.48	326,248.18
Inventories		2,192.52	2,192.52
Capital Assets, net (Note 6)	14,130,797.00	68,753.00	14,199,550.00
<b>Total Assets</b>	<b>17,245,381.15</b>	<b>375,335.41</b>	<b>17,620,716.56</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	2,510,188.00		2,510,188.00
<b>Total Deferred Outflows of Resources</b>	<b>2,510,188.00</b>	<b>-</b>	<b>2,510,188.00</b>
<b>LIABILITIES:</b>			
Accounts Payable:			
Other	402,887.68	11,586.86	414,474.54
Related to Pensions	251,761.00		251,761.00
Accrued Interest	32,095.00		32,095.00
Unearned Revenue	5,782.27		5,782.27
Noncurrent Liabilities (Note 7):			
Due within One Year	434,385.40		434,385.40
Due beyond One Year	9,482,201.60		9,482,201.60
<b>Total Liabilities</b>	<b>10,609,112.95</b>	<b>11,586.86</b>	<b>10,620,699.81</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	220,494.00		220,494.00
<b>Total Deferred Inflows of Resources</b>	<b>220,494.00</b>	<b>-</b>	<b>220,494.00</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	12,165,797.00	68,753.00	12,234,550.00
Restricted for:			
Capital Projects	635,349.08		635,349.08
Debt Service	74.29		74.29
Other Purposes	2,416,123.43		2,416,123.43
Unrestricted (Deficit)	(6,291,381.60)	294,995.55	(5,996,386.05)
<b>Total Net Position</b>	<b>\$ 8,925,962.20</b>	<b>\$ 363,748.55</b>	<b>\$ 9,289,710.75</b>

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

**UPPER DEERFIELD 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	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 5,577,987.55		\$ 1,336,670.48		\$ (4,241,317.07)		\$ (4,241,317.07)
Special Education	1,113,521.46				(1,113,521.46)		(1,113,521.46)
Other Special Instruction	179,870.57				(179,870.57)		(179,870.57)
Support Services:							
Tuition	210,492.94				(210,492.94)		(210,492.94)
Student and Instruction Related Services	1,985,790.06		369,279.85		(1,616,510.21)		(1,616,510.21)
General Administrative Services	415,128.88				(415,128.88)		(415,128.88)
School Administrative Services	441,067.43				(441,067.43)		(441,067.43)
Central Services	256,366.14				(256,366.14)		(256,366.14)
Admin Info Technology	94,129.08				(94,129.08)		(94,129.08)
Plant Operations and Maintenance	1,537,895.62				(1,537,895.62)		(1,537,895.62)
Pupil Transportation	2,715,677.15	\$ 2,014,431.14			(701,246.01)		(701,246.01)
Unallocated Benefits	7,511,264.89		4,406,179.21		(3,105,085.68)		(3,105,085.68)
Transfer of Funds to Charter Schools	50,553.00				(50,553.00)		(50,553.00)
Interest on Long-Term Debt	190,906.00				(190,906.00)		(190,906.00)
<b>Total Governmental Activities</b>	<b>22,280,650.77</b>	<b>2,014,431.14</b>	<b>6,112,129.54</b>	<b>-</b>	<b>(14,154,090.09)</b>	<b>-</b>	<b>(14,154,090.09)</b>
<b>Business-Type Activities:</b>							
Food Service	514,305.34	167,717.66	346,420.23			\$ (167.45)	(167.45)
Community Education and Recreation Fund	84,571.68	127,259.47				42,687.79	42,687.79
<b>Total Business-Type Activities</b>	<b>598,877.02</b>	<b>294,977.13</b>	<b>346,420.23</b>	<b>-</b>	<b>-</b>	<b>42,520.34</b>	<b>42,520.34</b>
<b>Total Government</b>	<b>\$ 22,879,527.79</b>	<b>\$ 2,309,408.27</b>	<b>\$ 6,458,549.77</b>	<b>\$ -</b>	<b>(14,154,090.09)</b>	<b>42,520.34</b>	<b>(14,111,569.75)</b>
<b>General Revenues:</b>							
Property Taxes:							
Levied for General Purposes					6,777,133.00		6,777,133.00
Levied for Debt Service					497,271.00		497,271.00
Federal and State Aid - Unrestricted					6,390,590.04		6,390,590.04
Miscellaneous					107,074.25		107,074.25
<b>Total General Revenues</b>					<b>13,772,068.29</b>	<b>-</b>	<b>13,772,068.29</b>
<b>Change in Net Position</b>					<b>(382,021.80)</b>	<b>42,520.34</b>	<b>(339,501.46)</b>
<b>Net Position -- July 1 Restated</b>					<b>9,307,984.00</b>	<b>321,228.21</b>	<b>9,629,212.21</b>
<b>Net Position -- June 30</b>					<b>\$ 8,925,962.20</b>	<b>\$ 363,748.55</b>	<b>\$ 9,289,710.75</b>

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



**FUND FINANCIAL STATEMENTS**

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 2,588,294.27		\$ 24,384.90		\$ 2,612,679.17
Interfunds Receivable	145,875.85			\$ 706.08	146,581.93
Intergovernmental Accounts Receivable:					
Federal		\$ 153,624.79			153,624.79
State	28,676.93		88,086.00		116,762.93
Other		1,732.98			1,732.98
<b>Total Assets</b>	<u>\$ 2,762,847.05</u>	<u>\$ 155,357.77</u>	<u>\$ 112,470.90</u>	<u>\$ 706.08</u>	<u>\$ 3,031,381.80</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 70,764.37	\$ 142,932.51			\$ 213,696.88
Interfunds Payable		51,904.99	\$ 86,478.82	\$ 631.79	139,015.60
Unearned Revenue		5,782.27			5,782.27
<b>Total Liabilities</b>	<u>70,764.37</u>	<u>200,619.77</u>	<u>86,478.82</u>	<u>631.79</u>	<u>358,494.75</u>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve	609,357.00				609,357.00
Maintenance Reserve	965,963.00				965,963.00
Capital Projects			25,992.08		25,992.08
Debt Service				74.29	74.29
Excess Surplus - Current Year	689,223.43				689,223.43
Excess Surplus - Prior Years - Designated for Subsequent Year's Expenditures	760,937.00				760,937.00
<b>Assigned:</b>					
Other Purposes	6,124.83				6,124.83
Unassigned	(339,522.58)	(45,262.00)			(384,784.58)
<b>Total Fund Balances</b>	<u>2,692,082.68</u>	<u>(45,262.00)</u>	<u>25,992.08</u>	<u>74.29</u>	<u>2,672,887.05</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 2,762,847.05</u>	<u>\$ 155,357.77</u>	<u>\$ 112,470.90</u>	<u>\$ 706.08</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$23,155,154.00, and the accumulated depreciation is \$9,024,357.00.	14,130,797.00
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.	(2,455,567.00)
Internal Service Net Position	(157,903.85)
Net Pension Liability	(7,230,856.00)
Accounts Payable related to the April 1, 2018 Required PERS pension contribution that is not liquidated with current financial resources.	(242,739.00)
Deferred Outflows of Resources - Related to Pensions	2,422,121.00
Deferred Inflows of Resources - Related to Pensions	<u>(212,777.00)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 8,925,962.20</u>

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

**UPPER DEERFIELD 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 Tax Levy	\$ 6,777,133.00			\$ 497,271.00	\$ 7,274,404.00
Unrestricted Miscellaneous Revenues	107,037.71	\$ 5,853.04	\$ 36.54		112,927.29
Federal Sources	52,242.04	1,270,479.29			1,322,721.33
State Sources	7,988,238.21	429,618.00			8,417,856.21
<b>Total Revenues</b>	<b>14,924,650.96</b>	<b>1,705,950.33</b>	<b>36.54</b>	<b>497,271.00</b>	<b>17,127,908.83</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Regular Instruction	3,896,949.52	1,359,672.48			5,256,622.00
Special Education Instruction	1,055,091.36				1,055,091.36
Other Special Instruction	179,870.57				179,870.57
<b>Support Services and Undistributed Costs:</b>					
Tuition	210,492.94				210,492.94
Student and Instruction Related Services	1,558,080.11	369,279.85			1,927,359.96
General Administrative Services	350,855.77				350,855.77
School Administrative Services	376,794.32				376,794.32
Central Services	256,366.14				256,366.14
Admin Info Technology	94,129.08				94,129.08
Plant Operations and Maintenance	1,520,366.59				1,520,366.59
Pupil Transportation	725,807.70				725,807.70
Unallocated Benefits	4,207,186.18				4,207,186.18
Transfer of Funds to Charter Schools	50,553.00				50,553.00
<b>Debt Service:</b>					
Principal				405,000.00	405,000.00
Interest and Other Charges	104,618.00			92,904.00	197,522.00
<b>Total Expenditures</b>	<b>14,587,161.28</b>	<b>1,728,952.33</b>	<b>-</b>	<b>497,904.00</b>	<b>16,814,017.61</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>337,489.68</b>	<b>(23,002.00)</b>	<b>36.54</b>	<b>(633.00)</b>	<b>313,891.22</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers			(36.54)	36.54	-
<b>Total Other Financing Sources and Uses</b>	<b>-</b>	<b>-</b>	<b>(36.54)</b>	<b>36.54</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>337,489.68</b>	<b>(23,002.00)</b>	<b>-</b>	<b>(596.46)</b>	<b>313,891.22</b>
Fund Balance (Deficit) -- July 1	2,354,593.00	(22,260.00)	25,992.08	670.75	2,358,995.83
<b>Fund Balance (Deficit) -- June 30</b>	<b>\$ 2,692,082.68</b>	<b>\$ (45,262.00)</b>	<b>\$ 25,992.08</b>	<b>\$ 74.29</b>	<b>\$ 2,672,887.05</b>

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

**UPPER DEERFIELD 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	\$	313,891.22
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (584,301.00)	
Capital Outlays	-	(584,301.00)
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 not reported in the statement of activities.		405,000.00
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		(510,784.00)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(5,828.02)
Change in Net Position of Governmental Activities	\$	(382,021.80)

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

## UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT

Proprietary Funds  
Statement of Net Position  
June 30, 2017

	Business-Type Activities - Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service	Community Education and Recreation Fund	Total Enterprise	Joint Pupil Transportation
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 143,248.95	\$ 144,776.79	\$ 288,025.74	\$ 192,020.95
Accounts Receivable:				
State	139.70		139.70	
Federal	9,626.64		9,626.64	
Other	14,164.14		14,164.14	30,197.00
Inventories	2,192.52		2,192.52	
Total Current Assets	<u>169,371.95</u>	<u>144,776.79</u>	<u>314,148.74</u>	<u>222,217.95</u>
Noncurrent Assets:				
Machinery and Equipment	219,216.00		219,216.00	
Less Accumulated Depreciation	(150,463.00)		(150,463.00)	
Total Noncurrent Assets	<u>68,753.00</u>	<u>-</u>	<u>68,753.00</u>	<u>-</u>
Total Assets	<u>238,124.95</u>	<u>144,776.79</u>	<u>382,901.74</u>	<u>222,217.95</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Related to Pensions				88,067.00
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,067.00</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable:				
Other	11,586.86		11,586.86	188,506.10
Related to Pensions				9,022.00
Interfund Payable	7,566.33		7,566.33	684.70
Total Current Liabilities	<u>19,153.19</u>	<u>-</u>	<u>19,153.19</u>	<u>198,212.80</u>
Noncurrent Liabilities:				
Net Pension Liability				262,259.00
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,259.00</u>
Total Liabilities	<u>19,153.19</u>	<u>-</u>	<u>19,153.19</u>	<u>460,471.80</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Related to Pensions				7,717.00
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,717.00</u>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	68,753.00		68,753.00	
Unrestricted (Deficit)	150,218.76	144,776.79	294,995.55	(157,903.85)
Total Net Position	<u>\$ 218,971.76</u>	<u>\$ 144,776.79</u>	<u>\$ 363,748.55</u>	<u>\$ (157,903.85)</u>

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

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

	Business-Type Activities - Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service	Community Education and Recreation Fund	Total Enterprise	Joint Pupil Transportation
<b>OPERATING REVENUES:</b>				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 68,863.55		\$ 68,863.55	
Daily Sales - Non-Reimbursable Programs	98,854.11		98,854.11	
Tuition and Fees		\$ 127,259.47	127,259.47	
Transportation Fees			-	\$ 2,014,076.48
<b>Total Operating Revenues</b>	<b>167,717.66</b>	<b>127,259.47</b>	<b>294,977.13</b>	<b>2,014,076.48</b>
<b>OPERATING EXPENSES:</b>				
Salaries	165,532.37	74,999.79	240,532.16	77,208.72
Employee Benefits	35,726.24		35,726.24	17,935.28
Pension Expense			-	27,076.00
Supplies and Materials	14,433.33		14,433.33	
Cost of Sales - Reimbursable Programs	161,820.91		161,820.91	
Cost of Sales - Non-Reimbursable Programs	42,355.38		42,355.38	
Management Fees	22,000.00		22,000.00	
Admin and Supervision	26,000.00		26,000.00	
Insurance	5,621.94		5,621.94	
Uniforms	1,412.92		1,412.92	
Repairs and Maintenance	11,531.21		11,531.21	
Transportation Costs			-	1,885,061.00
Miscellaneous	15,859.04	9,571.89	25,430.93	9,664.45
Depreciation	12,012.00		12,012.00	
<b>Total Operating Expenses</b>	<b>514,305.34</b>	<b>84,571.68</b>	<b>598,877.02</b>	<b>2,016,945.45</b>
<b>Operating Income / (Loss)</b>	<b>(346,587.68)</b>	<b>42,687.79</b>	<b>(303,899.89)</b>	<b>(2,868.97)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State Sources:				
State School Lunch Program	5,001.18		5,001.18	
Federal Sources:				
National School Lunch Program	238,329.00		238,329.00	
National School Breakfast Program	65,483.50		65,483.50	
Food Distribution Program	37,606.55		37,606.55	
Interest Earnings			-	354.66
<b>Total Nonoperating Revenues (Expenses)</b>	<b>346,420.23</b>	<b>-</b>	<b>346,420.23</b>	<b>354.66</b>
<b>Change in Net Position</b>	<b>(167.45)</b>	<b>42,687.79</b>	<b>42,520.34</b>	<b>(2,514.31)</b>
<b>Net Position (Deficit) -- July 1</b>	<b>219,139.21</b>	<b>102,089.00</b>	<b>321,228.21</b>	<b>(155,389.54)</b>
<b>Net Position (Deficit) -- June 30</b>	<b>\$ 218,971.76</b>	<b>\$ 144,776.79</b>	<b>\$ 363,748.55</b>	<b>\$ (157,903.85)</b>

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

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food <u>Service</u>	Community Education and <u>Recreation Fund</u>	Total <u>Enterprise</u>	Joint Pupil <u>Transportation</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 186,677.52	\$ 127,259.47	\$ 313,936.99	\$ 2,014,044.30
Payments to Employees			-	(95,144.00)
Payments to Suppliers	<u>(464,984.42)</u>	<u>(84,571.68)</u>	<u>(549,556.10)</u>	<u>(1,905,013.69)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(278,306.90)</u>	<u>42,687.79</u>	<u>(235,619.11)</u>	<u>13,886.61</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Federal Sources	305,775.40		305,775.40	
State Sources	<u>5,026.45</u>		<u>5,026.45</u>	
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>310,801.85</u>	<u>-</u>	<u>310,801.85</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Earnings			-	354.66
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>354.66</u>
Net Increase (Decrease) in Cash and Cash Equivalents	32,494.95	42,687.79	75,182.74	14,241.27
Cash and Cash Equivalents -- July 1	<u>110,754.00</u>	<u>-</u>	<u>110,754.00</u>	<u>177,779.68</u>
Cash and Cash Equivalents -- June 30	<u>\$ 143,248.95</u>	<u>\$ 42,687.79</u>	<u>\$ 185,936.74</u>	<u>\$ 192,020.95</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (346,587.68)	\$ 42,687.79	\$ (303,899.89)	\$ (2,868.97)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Depreciation and Net Amortization	12,012.00		12,012.00	
Food Distribution Program	37,606.55		37,606.55	
Increase (Decreased) in Net Pension Liability			-	27,076.00
(Increase) Decrease in Accounts Receivable	18,959.86		18,959.86	(32.18)
(Increase) Decrease in Inventories	8,668.48		8,668.48	
Increase (Decrease) in Other Current Liabilities	<u>(8,966.11)</u>		<u>(8,966.11)</u>	<u>(10,288.24)</u>
Total Adjustments	<u>68,280.78</u>	<u>-</u>	<u>68,280.78</u>	<u>16,755.58</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (278,306.90)</u>	<u>\$ 42,687.79</u>	<u>\$ (235,619.11)</u>	<u>\$ 13,886.61</u>

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

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

	<u>Private-Purpose Trust Fund</u>		<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Seabrook Expendable Trust</u>	<u>Student Activity</u>	<u>Payroll</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 165,971.17	\$ 1,104,892.58	\$ 40,684.51	\$ 79,865.33
Total Assets	<u>165,971.17</u>	<u>1,104,892.58</u>	<u>\$ 40,684.51</u>	<u>\$ 79,865.33</u>
<b>LIABILITIES:</b>				
Payable to Student Groups			\$ 40,684.51	
Payroll Deductions and Withholdings				\$ 79,865.33
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 40,684.51</u>	<u>\$ 79,865.33</u>
<b>NET POSITION:</b>				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 165,971.17</u>	<u>\$ 1,104,892.58</u>		

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



**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Year Ended June 30, 2017

	<u>Private-Purpose Trust Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Seabrook Expendable Trust</u>
ADDITIONS:		
Contributions:		
Plan member	\$ 27,029.58	
Other		\$ 87,119.79
Total Contributions	<u>27,029.58</u>	<u>87,119.79</u>
Investment Earnings		
Interest	<u>237.45</u>	<u>1,599.13</u>
Total Investment Earnings	<u>237.45</u>	<u>1,599.13</u>
Total Additions	<u>27,267.03</u>	<u>88,718.92</u>
DEDUCTIONS:		
Unemployment Claims	16,266.07	
Miscellaneous		<u>11,070.00</u>
Total Deductions	<u>16,266.07</u>	<u>11,070.00</u>
Change in Net Position	11,000.96	77,648.92
Net Position -- July 1	<u>154,970.21</u>	<u>1,027,243.66</u>
Net Position -- June 30	<u>\$ 165,971.17</u>	<u>\$ 1,104,892.58</u>

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

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2017

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Township of Upper Deerfield School District (the "School District") have been prepared to conform 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 following is a summary of the more significant of these policies.

**Description of the Financial Reporting Entity**

The School District is a Type II district located in the County of Cumberland, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of seven members elected to three-year terms. These terms are staggered so that member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Pre-K through 8 at its three schools. The School District has an approximate enrollment at June 30, 2017 of 890.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *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**

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Component Units (Cont'd)**

Based upon the application of these criteria, the School District has no component units.

**Government-wide and Fund Financial Statements**

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

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

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Cumberland County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

**General Fund** - The general fund is the primary operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment 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, ad valorem tax revenues, 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 revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures 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, 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, or from the general fund by way of transfers from capital outlay or the capital reserve account.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for internal service funds include salaries, benefits, administrative expenses, and claims paid. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

**Enterprise Funds**

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

**Community Education and Recreation Fund** - This fund accounts for the financial transactions related to providing day care services for the School District students.

Additionally, the School District reports the following fund types:

**Internal Service Funds**

Internal service funds are used to account for the financing of goods and services provided by one department to another on a cost reimbursement basis. The School District maintains one internal service fund for transportation.

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

**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). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

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

***Seabrook Expendable Trust Fund*** - Revenues consist of distributions from the CF Seabrook Trust and interest income. Expenditures represent activities for students in accordance with the trust requirements.

***New Jersey Unemployment Compensation Insurance Trust Fund*** - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A: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 year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets / Budgetary Control (Cont'd)**

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 fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. 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 the 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 on 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.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional 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 amount of their deposits to the governmental units.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Inventories**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

**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.

**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. The School District had no prepaid expenses for the fiscal year ended June 30, 2017.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures 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.

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Capital Assets (Cont'd)**

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 50 Years
Machinery and Equipment	5 - 10 Years
Improvements	10 - 20 Years

The School District does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

**Defined Benefit Pension Plans** - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

**Tuition Payable**

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

**Unearned Revenue**

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

**Accrued Salaries and Wages**

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Compensated Absences**

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is 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 School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, 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 governmental fund financial statements when due.

**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 the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Net Position**

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

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

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

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

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

**Fund Balance**

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

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

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Fund Balance (Cont'd)**

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

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

**Interfund Activity**

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

**Accounting Estimates**

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

**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

The School District implemented the following GASB Statements for the fiscal year ended June 30, 2017:

Statement No. 77, *Tax Abatement Disclosures*. This Statement provides financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The adoption of this Statement required certain disclosures to the basic financial statements of the School District (see note 19).

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued and Adopted Accounting Pronouncements (Cont'd)**

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of this Statement did not have a significant impact on the basic financial statements of the School District.

**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements that will become effective for the School District for the fiscal year ending June 30, 2018:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Management has determined that this Statement will have an impact on the basic financial statements of the School District.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is 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. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 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 agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2017, the School District's bank balances of \$4,686,547.81 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 3,669,462.43
Uninsured and Uncollateralized	<u>1,017,085.38</u>
Total	<u>\$ 4,686,547.81</u>

**Note 3: CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at 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 by either 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. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2016	\$ 609,007.00
Increased by:	
Interest Earnings	<u>350.00</u>
Ending Balance, June 30, 2017	<u>\$ 609,357.00</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted projects at June 30, 2017 is \$1,049,963.00. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

**Note 4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2017 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>				<u>Proprietary Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Internal Service Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	
Federal Awards		\$ 153,624.79			\$ 153,624.79	\$ 9,626.64	\$ 163,251.43
State Awards	\$ 28,676.93		\$ 88,086.00		116,762.93	139.70	116,902.63
Other		1,732.98		\$ 30,197.00	31,929.98	14,164.14	46,094.12
	<u>\$ 28,676.93</u>	<u>\$ 155,357.77</u>	<u>\$ 88,086.00</u>	<u>\$ 30,197.00</u>	<u>\$ 302,317.70</u>	<u>\$ 23,930.48</u>	<u>\$ 326,248.18</u>

**Note 5: INVENTORY**

Inventory recorded at June 30, 2017 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$	961.16
Supplies		<u>1,231.36</u>
	\$	<u>2,192.52</u>

**Note 6: CAPITAL ASSETS**

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

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 312,269.00	\$ -	\$ -	\$ 312,269.00
Total Capital Assets, not being Depreciated	<u>312,269.00</u>	<u>-</u>	<u>-</u>	<u>312,269.00</u>
Capital Assets, being Depreciated:				
Buildings and Improvements	21,615,232.00			21,615,232.00
Land Improvements	696,155.00			696,155.00
Machinery and Equipment	531,498.00			531,498.00
Total Capital Assets, being Depreciated	<u>22,842,885.00</u>	<u>-</u>	<u>-</u>	<u>22,842,885.00</u>
Total Capital Assets, Cost	<u>23,155,154.00</u>	<u>-</u>	<u>-</u>	<u>23,155,154.00</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(7,482,641.00)	(517,230.00)		(7,999,871.00)
Land Improvements	(640,725.00)	(4,820.00)		(645,545.00)
Machinery and Equipment	(316,690.00)	(62,251.00)		(378,941.00)
Total Accumulated Depreciation	<u>(8,440,056.00)</u>	<u>(584,301.00)</u>	<u>-</u>	<u>(9,024,357.00)</u>
Total Capital Assets, being Depreciated, Net	<u>14,402,829.00</u>	<u>(584,301.00)</u>	<u>-</u>	<u>13,818,528.00</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,715,098.00</u>	<u>\$ (584,301.00)</u>	<u>-</u>	<u>\$ 14,130,797.00</u>
	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
<b>Business-Type Activities:</b>				
Capital Assets, being Depreciated:				
Machinery and Equipment	\$ 219,216.00	\$ -	\$ -	\$ 219,216.00
Less Accumulated Depreciation	(138,450.00)	(12,013.00)		(150,463.00)
Business-Type Activities Capital Assets, Net	<u>\$ 80,766.00</u>	<u>\$ (12,013.00)</u>	<u>\$ -</u>	<u>\$ 68,753.00</u>

**Note 6: CAPITAL ASSETS (CONT'D)**

Depreciation expense was charged to functions / programs of the School District as follows:

<b>Governmental Activities:</b>		
Regular Instruction		\$ 321,365.55
Special Education Instruction		58,430.10
Student & Instruction Related Services		58,430.10
School Administration		64,273.11
General Administration		64,273.11
Plant Operations and Maintenance		<u>17,529.03</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 584,301.00</u>
<b>Business-Type Activities:</b>		
Food Service		<u>\$ 12,013.00</u>
Total Depreciation Expense - Business-Type Activities		<u>\$ 12,013.00</u>

**Note 7: LONG-TERM LIABILITIES**

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

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>	<u>Due within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 2,370,000.00	\$ -	\$ (405,000.00)	\$ 1,965,000.00	\$ 400,000.00
Other Liabilities:					
Compensated Absences	421,466.00	66,957.00	(29,951.00)	458,472.00	34,385.40
Net Pension Liability (note 8)	5,845,193.00	3,217,124.00	(1,569,202.00)	7,493,115.00	
Total Other Liabilities	<u>6,266,659.00</u>	<u>3,284,081.00</u>	<u>(1,599,153.00)</u>	<u>7,951,587.00</u>	<u>34,385.40</u>
Governmental Activities Long-Term Liabilities	<u>\$ 8,636,659.00</u>	<u>\$ 3,284,081.00</u>	<u>\$ (2,004,153.00)</u>	<u>\$ 9,916,587.00</u>	<u>\$ 434,385.40</u>

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

On March 14, 2007, the School District issued \$4,785,000.00 in school refunding general obligation bonds at a 3.92% interest rate. The bonds previously issued were for various construction and renovation projects. The final maturity of these bonds is February 1, 2022. The bonds will be paid from property taxes.



**Note 7: LONG-TERM LIABILITIES (CONT'D)**

**Bonds Payable (Cont'd)** - Principal and interest due on bonds outstanding is as follows:

<b><u>Fiscal Year</u></b> <b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	\$ 400,000.00	\$ 77,028.00	\$ 477,028.00
2019	400,000.00	61,348.00	461,348.00
2020	395,000.00	45,668.00	440,668.00
2021	390,000.00	30,184.00	420,184.00
2022	<u>380,000.00</u>	<u>14,896.00</u>	<u>394,896.00</u>
Total	<u>\$ 1,965,000.00</u>	<u>\$ 229,124.00</u>	<u>\$ 2,194,124.00</u>

**Bonds Authorized but not Issued** - As of June 30, 2017, the School District had no authorizations to issue additional bonded debt.

**Compensated Absences** - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 13 for a description of the School District's policy.

**Net Pension Liability** - For details on the net pension liability, refer to note 8. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund and internal service fund on an annual basis.

**Note 8: PENSION PLANS**

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, 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:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<http://www.nj.gov/treasury/pensions>

**General Information about the Pension Plans****Plan Descriptions**

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of 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 benefits, death, disability and medical benefits to certain 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.

**Note 8: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, 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 pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund 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.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Vesting and Benefit Provisions**

**Teachers' Pension and Annuity Fund** - 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.

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 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 tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

**Note 8: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Teachers' Pension and Annuity Fund (Cont'd)** - Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The 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 the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

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

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% 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 State's contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and 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 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*.

**Note 8: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Teachers' Pension and Annuity Fund (Cont'd)** - The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 7.19% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. 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 \$458,685.00, and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$465,323.51.

**Public Employees' Retirement System** - The contribution policy is set 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, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 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 366, 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 amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 13.69% 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 District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$224,761.00, and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$136,490.84.

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. 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 contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2017, employee contributions totaled \$2,705.35, and the School District recognized pension expense, which equaled the required contributions, of \$1,475.70. There were no forfeitures during the fiscal year.

**Note 8: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Teachers' Pension and Annuity Fund** - 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.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>45,307,839.00</u>
	<u>\$ 45,307,839.00</u>

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 total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. For the June 30, 2016 measurement date, the School District's proportion 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 and the State of New Jersey, actuarially determined. At June 30, 2016, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2016 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .0575949301%, which was a decrease of .0036042191% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized \$3,404,254.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

**Public Employees' Retirement System** - At June 30, 2017, the School District reported a liability of \$7,493,115.00 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 total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion 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 June 30, 2016 measurement date, the School District's proportion was .0252999340%, which was a decrease of .0007388840% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized pension expense of \$735,530.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date.

**Note 8: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 139,349.00	\$ -
Changes of Assumptions	1,552,173.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	285,719.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	281,186.00	220,494.00
School District Contributions Subsequent to the Measurement Date	<u>251,761.00</u>	<u>-</u>
	<b><u>\$ 2,510,188.00</u></b>	<b><u>\$ 220,494.00</u></b>

\$251,761.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ending June 30,</u></b>	
2018	\$ 465,691.00
2019	465,691.00
2020	536,264.00
2021	447,363.00
2022	<u>122,924.00</u>
	<b><u>\$ 2,037,933.00</u></b>

**Note 8: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - 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:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
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 and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

**Note 8: PENSION PLANS (CONT'D)****Actuarial Assumptions**

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 total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>TPAF</u></b>	<b><u>PERS</u></b>
Inflation	2.50%	3.08%
Salary Increases:		
2012-2021	Varies Based on Experience	
Through 2026		1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%	7.65%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

For TPAF, 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.

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

For TPAF and PERS, 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 rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following tables:



**Note 8: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%	Cash	5.00%	0.87%
U.S. Government Bonds	1.50%	1.28%	U.S. Treasuries	1.50%	1.74%
U.S. Credit Bonds	13.00%	2.76%	Investment Grade Credit	8.00%	1.79%
U.S. Mortgages	2.00%	2.38%	Mortgages	2.00%	1.67%
U.S. Inflation-Indexed Bonds	1.50%	1.41%	High Yield Bonds	2.00%	4.56%
U.S. High Yield Bonds	2.00%	4.70%	Inflation-Indexed Bonds	1.50%	3.44%
U.S. Equity Market	26.00%	5.14%	Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	5.91%	Developed Foreign Equities	13.25%	6.83%
Emerging Markets Equity	6.50%	8.16%	Emerging Market Equities	6.50%	9.95%
Private Real Estate Property	5.25%	3.64%	Private Equity	9.00%	12.40%
Timber	1.00%	3.86%	Hedge Funds / Absolute Return	12.50%	4.68%
Farmland	1.00%	4.39%	Real Estate (Property)	2.00%	6.91%
Private Equity	9.00%	8.97%	Commodities	0.50%	5.45%
Commodities	0.50%	2.87%	Global Debt ex U.S.	5.00%	-0.25%
Hedge Funds - MultiStrategy	5.00%	3.70%	REIT	5.25%	5.63%
Hedge Funds - Equity Hedge	3.75%	4.72%			
Hedge Funds - Distressed	3.75%	3.49%			
	<u>100.00%</u>			<u>100.00%</u>	

**Discount Rate** - The discount rates used to measure the total pension liability at June 30, 2016 were 3.22% and 3.98% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were 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. The projection of cash flows used to determine the discount rates for TPAF and PERS 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. 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 for TPAF and 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 for TPAF and 2034 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Note 8: PENSION PLANS (CONT'D)****Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - 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, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 3.22%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>TPAF</b>		
	<b>1% Decrease (2.22%)</b>	<b>Current Discount Rate (3.22%)</b>	<b>1% Increase (4.22%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>54,107,685.00</u>	<u>45,307,839.00</u>	<u>38,121,629.00</u>
	<u>\$ 54,107,685.00</u>	<u>\$ 45,307,839.00</u>	<u>\$ 38,121,629.00</u>

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2016, the plans measurement date, calculated using a 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% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (2.98%)</b>	<b>Current Discount Rate (3.98%)</b>	<b>1% Increase (4.98%)</b>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 9,181,938.00</u>	<u>\$ 7,493,115.00</u>	<u>\$ 6,098,845.00</u>

**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS's respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions).

**Note 9: SCHOOL EMPLOYEES HEALTH BENEFITS PROGRAM**

P.L. 1987, c.384 of 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving postemployment 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 premiums 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 free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$231.2 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 the SEHBP. That report may be obtained from the Treasury website at:

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

**Note 10: 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 costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$625,309.00, \$22,656.00, \$539,902.00, and \$1,101.00, respectively.

**Note 11: RISK MANAGEMENT**

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

**New Jersey Unemployment Compensation Insurance** - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

**Note 11: RISK MANAGEMENT (CONT'D)**

**New Jersey Unemployment Compensation Insurance (Cont'd)** - The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<b><u>Fiscal Year</u></b> <b><u>Ended June 30,</u></b>	<b><u>School</u></b> <b><u>District</u></b> <b><u>Contributions</u></b>	<b><u>Employee</u></b> <b><u>Contributions</u></b>	<b><u>Interest</u></b> <b><u>Income</u></b>	<b><u>Claims</u></b> <b><u>Incurred</u></b>	<b><u>Ending</u></b> <b><u>Balance</u></b>
2017	-	\$ 27,029.58	\$ 237.45	\$ 16,266.07	\$ 165,971.17
2016	-	25,766.00	218.21	11,789.00	154,970.21
2015	-	24,792.00	554.00	34,150.00	140,775.00

**Joint Insurance Fund** - The School District is a member of the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability  
 General Liability including Police Professional and Employee Benefit Liability  
 Automobile Liability  
 Blanket Crime including Public Employee Dishonesty  
 Property Including Boiler and Machinery  
 Public Officials and Employment Practices Liability  
 Volunteer Directors and Officers Liability  
 Cyber Liability

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The School District's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2016, which can be obtained from:

Gloucester, Cumberland, Salem School Districts Municipal Joint Insurance Fund  
 P.O. Box 449  
 Marlton, New Jersey 08053

**Note 12: DEFERRED COMPENSATION**

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

**Note 13: 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.

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2017, the liability for compensated absences reported on the government-wide statement of net position and on the proprietary fund statement of net position was \$458,472.00 and \$0.00, respectively.

**Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2017 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 145,875.85	
Special Revenue		\$ 51,904.99
Capital Projects		86,478.82
Debt Service	706.08	631.79
Food Service		7,566.33
	<u>\$ 146,581.93</u>	<u>\$ 146,581.93</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2018, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Interest earnings of \$36.54 in the Capital Projects Fund was transferred to the Debt Service Fund.

**Note 15: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

**Litigation** - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Note 16: CONCENTRATIONS**

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**Note 17: DEFICIT FUND BALANCES**

The School District has a deficit fund balance of \$339,522.58 in the general fund and \$45,262.00 in the special revenue fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$384,784.58 is less than the June state aid payments

**Note 18: 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: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**General Fund**

**For 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 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 \$689,223.43. Additionally, \$760,937.00 of excess fund balance generated during 2015-2016 has been restricted and designated for utilization in the 2017-2018 budget.

**For Capital Reserve Account** - As of June 30, 2017, the balance in the capital reserve account is \$609,357.00. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**For Maintenance Reserve Account** - As of June 30, 2017, the balance in the maintenance reserve account is \$965,963.00. 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).

**Note 18: FUND BALANCES (CONT'D)****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** - As of June 30, 2017, the School District had \$6,124.83 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**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, \$(339,522.58) of general fund balance was unassigned.

**Special Revenue Fund** - As of June 30, 2017, the fund balance of the special revenue fund was a deficit of \$45,262.00, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 17, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$45,262.00 is equal to the last state aid payment.

**Note 19: 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.

Upper Deerfield Township has entered into various property tax abatement agreements with properties having aggregate assessed valuations of \$12,352,800.00. Based on the School District's 2017 estimated tax rate of \$1.163, abated taxes totaled \$143,687.77.

**Note 20: RESTATEMENT OF PRIOR PERIOD NET POSITION**

The School District restated its net position as of June 30, 2016 as a result of a prior period adjustment to Deferred Outflows of Resources Related to Pensions. The cumulative effect on the financial statements as reported for June 30, 2016 is as follows:

	<u>As Reported June 30, 2016</u>	<u>Prior Period Adjustment</u>	<u>As Restated June 30, 2016</u>
<u>Governmental Activities</u>			
Deferred Outflows of Resources	\$ 1,572,572.00	\$ (223,864.00)	\$ 1,348,708.00
Net Position			
Unrestricted	(5,529,312.00)	(223,864.00)	(5,753,176.00)
Governmental Activities Net Position	9,531,848.00	(223,864.00)	9,307,984.00
Total Net Position	9,853,076.21	(223,864.00)	9,629,212.21



**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
 GENERAL FUND  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 6,777,133.00	\$ -	\$ 6,777,133.00	\$ 6,777,133.00	\$ -
Tuition from Individuals	3,000.00	-	3,000.00	-	(3,000.00)
Tuition from Other LEAs Within the State	25,000.00	-	25,000.00	4,981.50	(20,018.50)
Rents and Royalties	10,000.00	-	10,000.00	17,216.00	7,216.00
Interest Earned on Capital Reserve Funds	350.00	-	350.00	350.00	-
Unrestricted Miscellaneous Revenues	35,000.00	-	35,000.00	84,490.21	49,490.21
<b>Total - Local Sources</b>	<b>6,850,483.00</b>	<b>-</b>	<b>6,850,483.00</b>	<b>6,884,170.71</b>	<b>33,687.71</b>
State Sources:					
Categorical Transportation Aid	66,969.00	-	66,969.00	66,969.00	-
Categorical Special Education Aid	465,051.00	-	465,051.00	465,051.00	-
Equalization Aid	5,627,066.00	-	5,627,066.00	5,627,066.00	-
Categorical Security Aid	151,057.00	-	151,057.00	151,057.00	-
PARCC Readiness Aid	8,370.00	-	8,370.00	8,370.00	-
Per Pupil Growth Aid	8,370.00	-	8,370.00	8,370.00	-
Professional Learning Community Aid	8,670.00	-	8,670.00	8,670.00	-
Host District Support Aid	183.00	-	183.00	183.00	-
Nonpublic Transportation Aid	-	-	-	5,916.00	5,916.00
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	539,902.00	539,902.00
Teacher's Pension & Annuity Fund (On-Behalf - Non-Budgeted)	-	-	-	625,309.00	625,309.00
TPAF Non-contributory Insurance (On-Behalf - Non-Budgeted)	-	-	-	22,656.00	22,656.00
Long-Term Disability Insurance (On-Behalf - Non-Budgeted)	-	-	-	1,101.00	1,101.00
Reimbursed TPAF Social Security (Non-Budgeted)	-	-	-	460,922.21	460,922.21
<b>Total - State Sources</b>	<b>6,335,736.00</b>	<b>-</b>	<b>6,335,736.00</b>	<b>7,991,542.21</b>	<b>1,655,806.21</b>
Federal Sources:					
Medicaid Reimbursement	32,744.00	-	32,744.00	47,122.73	14,378.73
SEMI/ARRA	-	-	-	5,119.31	5,119.31
<b>Total - Federal Sources</b>	<b>32,744.00</b>	<b>-</b>	<b>32,744.00</b>	<b>52,242.04</b>	<b>19,498.04</b>
<b>Total Revenues</b>	<b>13,218,963.00</b>	<b>-</b>	<b>13,218,963.00</b>	<b>14,927,954.96</b>	<b>1,708,991.96</b>

(Continued)

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
 GENERAL FUND  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 335,078.00	\$ (24,000.00)	\$ 311,078.00	\$ 286,048.95	\$ 25,029.05
Grades 1-5	1,862,685.00	56,004.00	1,918,689.00	1,900,798.07	17,890.93
Grades 6-8	1,494,158.00	(2,585.00)	1,491,573.00	1,420,786.73	70,786.27
Home Instruction:					
Salaries of Teachers	5,000.00	-	5,000.00	-	5,000.00
Purchased Professional-Educational Services	11,500.00	-	11,500.00	10,847.00	653.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	71,656.00	(18,825.00)	52,831.00	13,253.72	39,577.28
Purchased Technical Services	54,000.00	1,440.00	55,440.00	39,994.26	15,445.74
General Supplies	258,691.00	(33,395.00)	225,296.00	221,544.41	3,751.59
Textbooks	17,500.00	-	17,500.00	-	17,500.00
Other Objects	2,000.00	1,680.00	3,680.00	3,676.38	3.62
<b>Total Regular Programs - Instruction</b>	<b>4,112,268.00</b>	<b>(19,681.00)</b>	<b>4,092,587.00</b>	<b>3,896,949.52</b>	<b>195,637.48</b>
Special Education Instruction -					
Multiple Disabilities:					
Salaries of Teachers	264,739.00	(75,301.00)	189,438.00	170,514.20	18,923.80
Other Salaries for Instruction	-	75,656.00	75,656.00	71,741.00	3,915.00
<b>Total Learning and/or Language Disabilities</b>	<b>264,739.00</b>	<b>355.00</b>	<b>265,094.00</b>	<b>242,255.20</b>	<b>22,838.80</b>
Resource Room / Resource Center:					
Salaries of Teachers	642,563.00	6,242.50	648,805.50	633,351.03	15,454.47
Other Salaries for Instruction	183,460.00	5,107.50	188,567.50	171,163.01	17,404.49
General Supplies	10,500.00	-	10,500.00	8,322.12	2,177.88
Textbooks	1,000.00	-	1,000.00	-	1,000.00
<b>Total Resource Room / Resource Center</b>	<b>837,523.00</b>	<b>11,350.00</b>	<b>848,873.00</b>	<b>812,836.16</b>	<b>36,036.84</b>
<b>Total Special Education - Instruction</b>	<b>1,102,262.00</b>	<b>11,705.00</b>	<b>1,113,967.00</b>	<b>1,055,091.36</b>	<b>58,875.64</b>

(Continued)

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
 GENERAL FUND  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	\$ 135,418.00	\$ (26,374.00)	\$ 109,044.00	\$ 30,453.05	\$ 78,590.95
Other Salaries for Instruction	77,556.00	13,374.00	90,930.00	83,363.75	7,566.25
Total Basic Skills / Remedial - Instruction	<u>212,974.00</u>	<u>(13,000.00)</u>	<u>199,974.00</u>	<u>113,816.80</u>	<u>86,157.20</u>
Bilingual Education - Instruction:					
Salaries of Teachers	75,436.00	-	75,436.00	64,679.60	10,756.40
Purchased Professional - Educational Services	46,532.50	-	46,532.50	-	46,532.50
General Supplies	1,500.00	-	1,500.00	1,374.17	125.83
Total Bilingual Education - Instruction	<u>123,468.50</u>	<u>-</u>	<u>123,468.50</u>	<u>66,053.77</u>	<u>57,414.73</u>
Total Instruction	<u>5,550,972.50</u>	<u>(20,976.00)</u>	<u>5,529,996.50</u>	<u>5,131,911.45</u>	<u>398,085.05</u>
Undistributed Expenditures - Instruction:					
Tuition - Other LEAs Within the State - Regular	12,000.00	(100.00)	11,900.00	6,711.60	5,188.40
Tuition - Other LEAs Within the State - Special	35,000.00	(30,000.00)	5,000.00	2,383.00	2,617.00
Tuition to CSSD & Reg. Day Schools	35,000.00	17,000.00	52,000.00	51,767.66	232.34
Tuition to Priv. Sch. For the Disabled W/I State	100,000.00	49,935.00	149,935.00	149,630.68	304.32
Total Undistributed Expenditures - Instruction	<u>182,000.00</u>	<u>36,835.00</u>	<u>218,835.00</u>	<u>210,492.94</u>	<u>8,342.06</u>
Undistributed Expenditures - Health Services:					
Salaries	220,430.00	3,665.00	224,095.00	222,747.23	1,347.77
Purchased Professional and Technical Services	4,300.00	500.00	4,800.00	4,412.50	387.50
Other Purchased Services (400-500 series)	150.00	-	150.00	150.00	-
Supplies and Materials	5,550.00	5,000.00	10,550.00	9,996.10	553.90
Other Objects	100.00	-	100.00	-	100.00
Total Undistributed Expenditures - Health Services	<u>230,530.00</u>	<u>9,165.00</u>	<u>239,695.00</u>	<u>237,305.83</u>	<u>2,389.17</u>
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	89,303.00	-	89,303.00	86,318.80	2,984.20
Purchased Professional - Educational Services	7,500.00	121,300.00	128,800.00	107,886.06	20,913.94
Supplies and Materials	1,000.00	-	1,000.00	-	1,000.00
Total Undist. Expend. - Speech, OT, PT & Related Svcs	<u>97,803.00</u>	<u>121,300.00</u>	<u>219,103.00</u>	<u>194,204.86</u>	<u>24,898.14</u>

(Continued)

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
 GENERAL FUND  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Undist. Expend. - Oth Supp Serv Std - Extra Serv Salaries	\$ 108,484.00	\$ (12,120.00)	\$ 96,364.00	\$ 87,383.78	\$ 8,980.22
Total Undist. Expend. - Oth Supp Serv Std - Extra Serv	108,484.00	(12,120.00)	96,364.00	87,383.78	8,980.22
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	194,148.00	-	194,148.00	187,584.52	6,563.48
Other Purchased Prof. and Tech. Services	5,000.00	-	5,000.00	-	5,000.00
Supplies and Materials	6,000.00	-	6,000.00	1,929.41	4,070.59
Total Undistributed Expenditures - Guidance	205,148.00	-	205,148.00	189,513.93	15,634.07
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	536,703.00	(23,500.00)	513,203.00	512,828.73	374.27
Salaries of Secretarial and Clerical Assistants	42,525.00	-	42,525.00	42,024.96	500.04
Purchased Professional - Educational Services	37,753.00	4,736.00	42,489.00	41,105.25	1,383.75
Other Purchased Prof. and Tech. Services	12,500.00	(11,121.00)	1,379.00	975.31	403.69
Misc Pur Serv (400-500 series O/than Resid Costs)	6,000.00	-	6,000.00	5,432.05	567.95
Supplies and Materials	10,000.00	(20.00)	9,980.00	9,371.20	608.80
Other Objects	100.00	-	100.00	100.00	-
Total Undistributed Expenditures - Child Study Teams	645,581.00	(29,905.00)	615,676.00	611,837.50	3,838.50
Undist. Expend. - Improv. Of Inst. Serv.					
Salaries of Other Professional Staff	184,027.00	(26,300.00)	157,727.00	148,281.07	9,445.93
Purchased Professional - Educational Services	500.00	-	500.00	-	500.00
Other Purchased Prof. and Tech. Services	10,000.00	5,300.00	15,300.00	12,690.00	2,610.00
Supplies and Materials	2,000.00	(605.00)	1,395.00	-	1,395.00
Total Undist. Expend. - Improv. Of Inst. Serv.	196,527.00	(21,605.00)	174,922.00	160,971.07	13,950.93
Undistributed Expend. - Educational Media Services / Sch Library:					
Salaries	106,339.00	575.00	106,914.00	41,226.68	65,687.32
Purchased Professional and Technical Services	7,500.00	(2,575.00)	4,925.00	1,177.00	3,748.00
Other Purchased Services (400-500 series)	400.00	-	400.00	-	400.00
Supplies and Materials	13,080.00	-	13,080.00	7,127.49	5,952.51
Other Objects	50.00	-	50.00	-	50.00
Total Undistributed Expend. - Educational Media Services / Sch Library	127,369.00	(2,000.00)	125,369.00	49,531.17	75,837.83

(Continued)

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
 GENERAL FUND  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional - Educational Services	\$ 25,000.00	\$ 2,005.00	\$ 27,005.00	\$ 26,642.20	\$ 362.80
Other Purchased Services (400-500 series)	6,500.00	(2,900.00)	3,600.00	653.77	2,946.23
Supplies and Materials	500.00	-	500.00	36.00	464.00
Other Objects	350.00	-	350.00	-	350.00
	<u>32,350.00</u>	<u>(895.00)</u>	<u>31,455.00</u>	<u>27,331.97</u>	<u>4,123.03</u>
Total Undistributed Expenditures - Instructional Staff Training Services:					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	190,712.00	3,350.00	194,062.00	191,792.32	2,269.68
Legal Services	10,000.00	(1,650.00)	8,350.00	6,452.50	1,897.50
Audit Fees	27,000.00	(3,500.00)	23,500.00	22,695.00	805.00
Architectural/Engineering Services	11,000.00	3,410.00	14,410.00	12,328.17	2,081.83
Other Purchased Professional Services	8,000.00	1,390.00	9,390.00	9,363.42	26.58
Communications / Telephone	48,000.00	(8,550.00)	39,450.00	35,599.15	3,850.85
BOE Other Purchased Services	4,000.00	8,150.00	12,150.00	11,332.25	817.75
Misc. Purch Serv (400-500)	50,000.00	-	50,000.00	46,160.16	3,839.84
General Supplies	7,123.00	(3,679.00)	3,444.00	3,443.83	0.17
BOE In-House Training/Meeting Supplies	750.00	(238.00)	512.00	-	512.00
Miscellaneous Expenditures	4,500.00	317.00	4,817.00	4,811.48	5.52
BOE Membership Dues and Fees	8,000.00	-	8,000.00	6,877.49	1,122.51
	<u>369,085.00</u>	<u>(1,000.00)</u>	<u>368,085.00</u>	<u>350,855.77</u>	<u>17,229.23</u>
Total Undistributed Expenditures - Support Services - General Admin					
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Asst. Principals/Prog Dir	149,027.00	(6,500.00)	142,527.00	138,883.72	3,643.28
Salaries of Secretarial and Clerical Assistants	180,168.00	18,800.00	198,968.00	198,584.88	383.12
Other Purchased Services (400-500 series)	33,000.00	(4,900.00)	28,100.00	21,881.93	6,218.07
Supplies and Materials	22,000.00	(5,500.00)	16,500.00	15,868.79	631.21
Other Objects	7,000.00	(3,000.00)	4,000.00	1,575.00	2,425.00
	<u>391,195.00</u>	<u>(1,100.00)</u>	<u>390,095.00</u>	<u>376,794.32</u>	<u>13,300.68</u>
Total Undistributed Expenditures - Support Services - School Admin					

(Continued)

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
 GENERAL FUND  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>Undistributed Expenditures - Central Services:</b>					
Salaries	\$ 221,700.00	\$ (350.00)	\$ 221,350.00	\$ 217,116.46	\$ 4,233.54
Purchased Technical Services	18,000.00	3,700.00	21,700.00	21,237.00	463.00
Misc. Purchased Services	7,000.00	2,395.00	9,395.00	8,942.02	452.98
Supplies and Materials	7,500.00	(1,010.00)	6,490.00	6,471.66	18.34
Miscellaneous Expenditures	2,500.00	100.00	2,600.00	2,599.00	1.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>256,700.00</b>	<b>4,835.00</b>	<b>261,535.00</b>	<b>256,366.14</b>	<b>5,168.86</b>
<b>Undistributed Expenditures - Admin. Info Technology:</b>					
Salaries	27,593.00	-	27,593.00	27,225.36	367.64
Purchased Professional Services	85,479.00	(32,635.00)	52,844.00	36,909.50	15,934.50
Other Purchased Services	5,000.00	-	5,000.00	458.90	4,541.10
Supplies and Materials	22,000.00	7,600.00	29,600.00	29,535.32	64.68
Other Objects	100.00	-	100.00	-	100.00
<b>Total Undistributed Expenditures - Admin. Info Technology</b>	<b>140,172.00</b>	<b>(25,035.00)</b>	<b>115,137.00</b>	<b>94,129.08</b>	<b>21,007.92</b>
<b>Undistributed Expenditures - Required Maint for School Facilities:</b>					
Salaries	75,746.00	-	75,746.00	68,140.17	7,605.83
Cleaning, Repair and Maintenance Services	299,250.00	(71,050.00)	228,200.00	203,594.64	24,605.36
General Supplies	25,000.00	1,300.00	26,300.00	23,237.35	3,062.65
<b>Total Undistributed Expenditures - Required Maint for School Facilities</b>	<b>399,996.00</b>	<b>(69,750.00)</b>	<b>330,246.00</b>	<b>294,972.16</b>	<b>35,273.84</b>
<b>Undistributed Expenditures - Custodial Services:</b>					
Salaries	519,636.00	4,850.00	524,486.00	507,109.23	17,376.77
Salaries of Non-Instructional Aides	101,129.00	4,050.00	105,179.00	105,064.82	114.18
Purchased Professional and Technical Services	9,000.00	-	9,000.00	6,258.00	2,742.00
Cleaning, Repair and Maintenance Services	36,000.00	48,510.00	84,510.00	79,440.20	5,069.80
Other Purchased Property Services	13,000.00	(12,000.00)	1,000.00	-	1,000.00
Insurance	70,000.00	240.00	70,240.00	70,236.58	3.42
General Supplies	65,000.00	(4,550.00)	60,450.00	51,445.20	9,004.80
Energy (Natural Gas)	88,000.00	(30,000.00)	58,000.00	54,679.49	3,320.51
Energy (Electricity)	300,000.00	17,346.00	317,346.00	317,291.92	54.08
Energy (Oil)	7,000.00	-	7,000.00	1,516.74	5,483.26
Energy (Gasoline)	5,000.00	-	5,000.00	4,473.93	526.07
Other Objects	750.00	450.00	1,200.00	1,150.83	49.17
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>1,214,515.00</b>	<b>28,896.00</b>	<b>1,243,411.00</b>	<b>1,198,666.94</b>	<b>44,744.06</b>

(Continued)



**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
 GENERAL FUND  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Undistributed Expenditures - Care and Upkeep of Grounds:					
Salaries	\$ 41,284.00	\$ (1,000.00)	\$ 40,284.00	\$ 26,727.49	\$ 13,556.51
Total Undistributed Expenditures - Care and Upkeep of Grounds	41,284.00	(1,000.00)	40,284.00	26,727.49	13,556.51
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC & CTSA Trans. Program	35,000.00	(400.00)	34,600.00	25,675.43	8,924.57
Contract. Serv. - Aid in Lieu Payments - NonPub Sch	60,000.00	-	60,000.00	43,800.58	16,199.42
Contract. Serv. - Aid in Lieu Payments - Choice Sch	12,000.00	-	12,000.00	11,472.36	527.64
Contr Serv (Bet. Home and Sch) - Vendors	50,000.00	(50,000.00)	-	-	-
Contr Serv (Oth. Than Bet Home & amp; Sch) - Vend	5,000.00	400.00	5,400.00	5,396.00	4.00
Contr Serv (Bet. Home & amp; Sch) - Joint Agreements	435,000.00	(50,000.00)	385,000.00	358,570.00	26,430.00
Contract. Serv. (Reg. Students) - ESCs & CTSA	4,000.00	-	4,000.00	-	4,000.00
Contract. Serv. (Spl. Ed. Students) - ESCs & CTSA	175,000.00	112,656.00	287,656.00	280,893.33	6,762.67
Total Undistributed Expenditures - Student Transportation Services	776,000.00	12,656.00	788,656.00	725,807.70	62,848.30
Unallocated Benefits - Employee Benefits					
Social Security Contributions	164,000.00	50,000.00	214,000.00	193,881.68	20,118.32
Other Retirement Contributions - PERS	240,000.00	(1,000.00)	239,000.00	227,875.05	11,124.95
Unemployment Compensation	3,000.00	-	3,000.00	-	3,000.00
Workmen's Compensation	102,000.00	-	102,000.00	101,242.00	758.00
Health Benefits	2,168,947.00	(99,931.00)	2,069,016.00	2,018,727.46	50,288.54
Tuition Reimbursement	30,000.00	(17,260.00)	12,740.00	12,739.10	0.90
Other Employee Benefits	30,000.00	(13,740.00)	16,260.00	2,830.68	13,429.32
Total Unallocated Benefits - Employee Benefits	2,737,947.00	(81,931.00)	2,656,016.00	2,557,295.97	98,720.03
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	539,902.00	(539,902.00)
Teacher's Pension & Annuity Fund (On-Behalf - Non-Budgeted)	-	-	-	625,309.00	(625,309.00)
TPAF Non-contributory Insurance (On-Behalf - Non-Budgeted)	-	-	-	22,656.00	(22,656.00)
Long-Term Disability Insurance (On-Behalf - Non-Budgeted)	-	-	-	1,101.00	(1,101.00)
Reimbursed TPAF Social Security (Non-Budgeted)	-	-	-	460,922.21	(460,922.21)
Total On-behalf Contributions	-	-	-	1,649,890.21	(1,649,890.21)
Total Undistributed Expenditures	8,152,686.00	(32,654.00)	8,120,032.00	9,300,078.83	(1,180,046.83)
Total Current Expense	13,703,658.50	(53,630.00)	13,650,028.50	14,431,990.28	(781,961.78)

(Continued)

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
 GENERAL FUND  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Capital Outlay:					
Equipment:					
Preschool	\$ -	\$ 2,000.00	\$ 2,000.00	\$ -	\$ 2,000.00
Kindergarten	-	2,000.00	2,000.00	-	2,000.00
Grades 1-5	-	6,450.00	6,450.00	-	6,450.00
Grades 6-8	-	6,450.00	6,450.00	-	6,450.00
Total Equipment	-	16,900.00	16,900.00	-	16,900.00
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	104,618.00	-	104,618.00	104,618.00	-
Interest Deposit to Capital Reserve	350.00	-	350.00	-	350.00
Total Capital Outlay	104,968.00	16,900.00	121,868.00	104,618.00	17,250.00
Transfer of Funds to Charter Schools	13,829.00	36,730.00	50,559.00	50,553.00	6.00
Total Expenditures	13,822,455.50	-	13,822,455.50	14,587,161.28	(764,705.78)
Calculation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(603,492.50)	-	(603,492.50)	340,793.68	944,286.18
Fund Balances, July 1	2,955,473.00	-	2,955,473.00	2,955,473.00	-
Fund Balances, June 30	\$ 2,351,980.50	\$ -	\$ 2,351,980.50	\$ 3,296,266.68	\$ 944,286.18
Recapitulation:					
Restricted:					
Capital Reserve				\$ 609,357.00	
Maintenance Reserve				965,963.00	
Excess Surplus - Current Year				689,223.43	
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures				760,937.00	
Assigned:					
Year-End Encumbrances				6,124.83	
Unassigned				264,661.42	
				3,296,266.68	
Reconciliation to Governmental Funds Statements(GAAP):					
June 2017 State Aid Payments Not Recognized on GAAP Basis				(604,184.00)	
				\$ 2,692,082.68	

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
**SPECIAL REVENUE FUND**  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Miscellaneous	\$ -	\$ 11,000.00	\$ 11,000.00	\$ 5,853.04	\$ 5,146.96
Total - Local Sources	<u>-</u>	<u>11,000.00</u>	<u>11,000.00</u>	<u>5,853.04</u>	<u>5,146.96</u>
State Sources:					
Preschool Education Aid	452,620.00	-	452,620.00	452,620.00	-
Total - State Sources	<u>452,620.00</u>	<u>-</u>	<u>452,620.00</u>	<u>452,620.00</u>	<u>-</u>
Federal Sources:					
Title I	127,670.00	234,573.00	362,243.00	362,243.00	-
Title II	18,275.00	28,431.00	46,706.00	46,706.00	-
Title III	4,180.00	6,438.00	10,618.00	10,618.00	-
Title VI	-	19,230.00	19,230.00	19,196.96	33.04
IDEA Basic	81,635.00	154,213.00	235,848.00	235,848.00	-
IDEA Preschool	-	5,349.00	5,349.00	5,349.00	-
Preschool Expansion Aid	510,514.00	24,223.00	534,737.00	523,063.79	11,673.21
Total - Federal Sources	<u>742,274.00</u>	<u>472,457.00</u>	<u>1,214,731.00</u>	<u>1,203,024.75</u>	<u>11,706.25</u>
Total Revenues	<u>1,194,894.00</u>	<u>483,457.00</u>	<u>1,678,351.00</u>	<u>1,661,497.79</u>	<u>16,853.21</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	677,102.00	115,555.00	792,657.00	792,657.00	-
Other Salaries for Instruction	209,150.00	108,213.00	317,363.00	317,363.00	-
Other Purchased Services	81,635.00	104,213.00	185,848.00	185,848.00	-
General Supplies	50,000.00	13,563.00	63,563.00	62,036.75	1,526.25
Other Objects	7,550.00	-	7,550.00	7,550.00	-
Total Instruction	<u>1,025,437.00</u>	<u>341,544.00</u>	<u>1,366,981.00</u>	<u>1,365,454.75</u>	<u>1,526.25</u>
Support Services:					
Salaries	-	2,000.00	2,000.00	1,520.00	480.00
Personal Services - Employee Benefits	155,707.00	75,246.00	230,953.00	230,953.00	-
Purchased Prof. and Tech. Services	-	4,167.00	4,167.00	4,167.00	-
Purchased Prof. - Educational Services	-	51,500.00	51,500.00	51,186.00	314.00
Contract Services-Transportation	5,000.00	-	5,000.00	323.00	4,677.00
Miscellaneous Purchased Services	8,750.00	-	8,750.00	3,250.00	5,500.00
General Supplies	-	9,000.00	9,000.00	4,644.04	4,355.96
Total Support Services	<u>169,457.00</u>	<u>141,913.00</u>	<u>311,370.00</u>	<u>296,043.04</u>	<u>15,326.96</u>
Total Expenditures	<u>1,194,894.00</u>	<u>483,457.00</u>	<u>1,678,351.00</u>	<u>1,661,497.79</u>	<u>16,853.21</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2017

Note A - 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) "revenues" from the budgetary comparison schedules	\$ 14,927,954.96	\$ 1,661,497.79
<b>Differences - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(5,782.27)
Prior Year		73,236.81
The June 2016 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	600,880.00	22,260.00
The June 2017 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(604,184.00)</u>	<u>(45,262.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 14,924,650.96</u></u>	<u><u>\$ 1,705,950.33</u></u>
<b>Uses / Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 14,587,161.28	\$ 1,661,497.79
<b>Differences - Budget to GAAP:</b>		
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.		
Current Year		(5,782.27)
Prior Year		73,236.81
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 14,587,161.28</u></u>	<u><u>\$ 1,728,952.33</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Four Plan Years

	<b>Measurement Date Ending June 30,</b>			
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
School District's Proportion of the Net Pension Liability	0.0252999340%	0.0260388200%	0.0237930000%	0.0247730000%
School District's Proportionate Share of the Net Pension Liability	\$ 7,493,115.00	\$ 5,845,193.00	\$ 4,454,654.00	\$ 4,734,625.00
School District's Covered Payroll (Plan Measurement Period)	\$ 1,904,992.00	\$ 1,854,124.00	\$ 1,821,580.00	\$ 1,870,116.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	393.34%	315.25%	244.55%	253.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Contributions  
 Public Employees' Retirement System (PERS)  
 Last Four Fiscal Years

	<b>Fiscal Year Ended June 30,</b>			
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Contractually Required Contribution	\$ 251,761.00	\$ 224,761.00	\$ 223,864.00	\$ 196,144.00
Contributions in Relation to the Contractually Required Contribution	<u>(251,761.00)</u>	<u>(224,761.00)</u>	<u>(223,864.00)</u>	<u>(196,144.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 1,838,586.00	\$ 1,776,658.00	\$ 1,639,516.00	\$ 1,660,796.00
Contributions as a Percentage of School District's Covered Payroll	13.69%	12.65%	13.65%	11.81%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Teachers' Pension and Annuity Fund (TPAF)  
 Last Four Plan Years

	<b>Measurement Date Ending June 30,</b>			
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>45,307,839.00</u>	<u>38,680,476.00</u>	<u>32,845,085.00</u>	<u>32,243,472.00</u>
	<u>\$ 45,307,839.00</u>	<u>\$ 38,680,476.00</u>	<u>\$ 32,845,085.00</u>	<u>\$ 32,243,472.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 6,971,856.00	\$ 6,927,228.00	\$ 7,347,528.00	\$ 7,102,888.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	649.87%	558.38%	447.02%	453.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.  
 However, until a full 10-year trend is compiled, this presentation will only include information  
 for those years for which information is available.



**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Required Supplementary Information  
Schedule of School District Contributions  
Teachers' Pension and Annuity Fund (TPAF)  
Last Ten Fiscal Years

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This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2017

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

*Changes in Benefit Terms* - None

*Changes in Assumptions* - For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

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

*Changes in Benefit Terms* - None

*Changes in Assumptions* - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the the discount rate was 5.39%.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2017

	<u>Total</u>	<u>NCLB</u>				<u>IDEA</u>		<u>Preschool</u>	<u>Preschool</u>	<u>Local</u>
		<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title VI</u>	<u>Basic</u>	<u>Preschool</u>	<u>Expansion</u>	<u>Aid</u>	
<b>REVENUES:</b>										
Federal Sources	\$ 1,203,024.75	\$ 362,243.00	\$ 46,706.00	\$ 10,618.00	\$ 19,196.96	\$ 235,848.00	\$ 5,349.00	\$ 523,063.79		
State Sources	452,620.00								\$ 452,620.00	
Local Sources	5,853.04									\$ 5,853.04
<b>Total Revenues</b>	<b>1,661,497.79</b>	<b>362,243.00</b>	<b>46,706.00</b>	<b>10,618.00</b>	<b>19,196.96</b>	<b>235,848.00</b>	<b>5,349.00</b>	<b>523,063.79</b>	<b>452,620.00</b>	<b>5,853.04</b>
<b>EXPENDITURES:</b>										
<b>Instruction:</b>										
Salaries of Teachers	792,657.00	218,785.00	37,068.00	8,427.00				253,372.00	275,005.00	
Other Salaries for Instruction	317,363.00	80,421.00					4,969.00	131,307.00	100,666.00	
Other Purchased Services	185,848.00					185,848.00				
General Supplies	62,036.75				12,532.96			48,503.79		1,000.00
Other Objects	7,550.00							7,550.00		
<b>Total Instruction</b>	<b>1,365,454.75</b>	<b>299,206.00</b>	<b>37,068.00</b>	<b>8,427.00</b>	<b>12,532.96</b>	<b>185,848.00</b>	<b>4,969.00</b>	<b>440,732.79</b>	<b>375,671.00</b>	<b>1,000.00</b>
<b>Support Services:</b>										
Salaries	1,520.00									1,520.00
Personal Services - Employee Benefits	230,953.00	63,037.00	9,638.00	2,191.00			380.00	78,758.00	76,949.00	
Purchased Professional and Technical Services	4,167.00				4,167.00					
Purchased Professional - Educational Services	51,186.00					50,000.00				1,186.00
Contract Services-Transportation	323.00							323.00		
Miscellaneous Purchased Services	3,250.00							3,250.00		
General Supplies	4,644.04				2,497.00					2,147.04
<b>Total Support Services</b>	<b>296,043.04</b>	<b>63,037.00</b>	<b>9,638.00</b>	<b>2,191.00</b>	<b>6,664.00</b>	<b>50,000.00</b>	<b>380.00</b>	<b>82,331.00</b>	<b>76,949.00</b>	<b>4,853.04</b>
<b>Total Expenditures</b>	<b>\$ 1,661,497.79</b>	<b>\$ 362,243.00</b>	<b>\$ 46,706.00</b>	<b>\$ 10,618.00</b>	<b>\$ 19,196.96</b>	<b>\$ 235,848.00</b>	<b>\$ 5,349.00</b>	<b>\$ 523,063.79</b>	<b>\$ 452,620.00</b>	<b>\$ 5,853.04</b>

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
 Schedule of Preschool Education Aid Expenditures - Budgetary Basis  
 Preschool - All Programs  
 Budgetary Basis  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 275,005.00	\$ -	\$ 275,005.00	\$ 275,005.00	\$ -
Other Salaries for Instruction	100,666.00	-	100,666.00	100,666.00	-
Total Instruction	375,671.00	-	375,671.00	375,671.00	-
Support Services:					
Personal Services - Employee Benefits	76,949.00	-	76,949.00	76,949.00	-
Total Support Services	76,949.00	-	76,949.00	76,949.00	-
Total Expenditures	<u>\$ 452,620.00</u>	<u>\$ -</u>	<u>\$ 452,620.00</u>	<u>\$ 452,620.00</u>	<u>\$ -</u>

Calculation of Budget and Carryover

Total 2016-2017 Preschool Education Aid Allocation	\$ 452,620.00
Add: Actual Preschool Education Aid Carryover June 30, 2016	-
Add: Budgeted transfer from the General Fund 2016-17	-
	<u>452,620.00</u>
Total Funds Available for 2016-17 Budget	452,620.00
Less: 2016-17 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(452,620.00)</u>
Available and Unbudgeted Funds as of June 30, 2017	-
Add: June 30, 2017 Unexpended Preschool Education Aid	-
2016-17 Carryover - Preschool Education Aid	<u>\$ -</u>
2016-17 Preschool Education Aid Carryover Budgeted in 2017-18	<u>\$ -</u>

**CAPITAL PROJECTS FUND**

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
 Summary Schedule of Project Expenditures  
 For the Fiscal Year Ended June 30, 2017

<u>Project Title</u>	<u>Approval Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2017</u>
			<u>Prior Years</u>	<u>Current Year</u>	
5300-060-14-1002 Woodruff Elementary School - Electrical, Communication, Safety Project	7/17/2014	\$ 47,092.00	\$ 36,477.00	\$ -	\$ 10,615.00
5300-060-14-1001 Moore Elementary School - Exterior Closure, Communication, Safety Project	7/17/2014	185,052.00	159,098.00	-	25,954.00
5300-070-14-1003 Seabrook Elementary School - Electrical, Communication, Safety Project	7/17/2014	63,277.00	47,833.92	-	15,443.08
		<u>\$ 295,421.00</u>	<u>\$ 243,408.92</u>	<u>\$ -</u>	<u>\$ 52,012.08</u>



**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis  
For the Fiscal Year Ended June 30, 2017

**Revenues:**

State Sources - SCC Grant	\$	-
Bond Proceeds and Transfers		-
Contributions from Private Source		-
Transfer from Capital Reserve		-
Transfer from Capital Outlay		-
		<hr/>
Total Revenues		<hr/> -

**Expenditures:**

Legal Services		-
Other Purchased Professional & Technical Services		-
Construction Services		-
Other Object		-
		<hr/>
Total Expenditures		<hr/> -

Excess (Deficiency) of Revenues Over (Under) Expenditures		-
Fund Balance - July 1	\$	<hr/> 52,012.08
Fund Balance - June 30	\$	<hr/> <hr/> 52,012.08

**Analysis of Balance:**

State Sources - SCC Grant Unspent Award	\$	26,020.00
Unreserved		<hr/> 25,992.08
	\$	<hr/> <hr/> 52,012.08

## UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis  
 Woodruff Elementary School - Electrical, Communications, Safety Project  
 From Inception and for the Fiscal Year Ended June 30, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 23,565.00	\$ -	\$ 23,565.00	\$ 23,565.00
Bond Proceeds and Transfers	-	-	-	-
Contributions from Private Source	-	-	-	-
Transfer from Capital Reserve	23,527.00	-	23,527.00	23,527.00
Transfer from Capital Outlay	-	-	-	-
Total Revenues	<u>47,092.00</u>	<u>-</u>	<u>47,092.00</u>	<u>47,092.00</u>
<b>Expenditures and Other Financing Uses</b>				
Legal Services	-	-	-	-
Other Purchased Professional & Technical Services	-	-	-	5,969.00
Construction Services	36,477.00	-	36,477.00	41,123.00
Other Object	-	-	-	-
Total Expenditures	<u>36,477.00</u>	<u>-</u>	<u>36,477.00</u>	<u>47,092.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 10,615.00</u>	<u>\$ -</u>	<u>\$ 10,615.00</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	5300-070-14-1002			
Project Number SDA	5300-070-14-G3FJ			
Grant Date	7/17/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 47,092.00			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 47,092.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	77.46%			
Original Target Completion Date	6/30/2016			
Revised Target Completion Date	N/A			

## UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis

Moore Elementary School - Exterior Closure, Communications, Safety Project

From Inception and for the Fiscal Year Ended June 30, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 92,601.00	\$ -	\$ 92,601.00	\$ 92,601.00
Bond Proceeds and Transfers	-	-	-	-
Contributions from Private Source	-	-	-	-
Transfer from Capital Reserve	92,451.00	-	92,451.00	92,451.00
Transfer from Capital Outlay	-	-	-	-
Total Revenues	<u>185,052.00</u>	<u>-</u>	<u>185,052.00</u>	<u>185,052.00</u>
<b>Expenditures and Other Financing Uses</b>				
Legal Services	-	-	-	-
Other Purchased Professional & Technical Services	10,760.00	-	10,760.00	21,053.00
Construction Services	147,411.00	-	147,411.00	163,072.00
Other Object	927.00	-	927.00	927.00
Total Expenditures	<u>159,098.00</u>	<u>-</u>	<u>159,098.00</u>	<u>185,052.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 25,954.00</u>	<u>\$ -</u>	<u>\$ 25,954.00</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	5300-060-14-1001
Project Number SDA	5300-060-14-G3FI
Grant Date	7/17/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 185,052.00
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 185,052.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	85.97%
Original Target Completion Date	6/30/2016
Revised Target Completion Date	N/A

## UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis  
 Seabrook Elementary School - Electrical, Communications, Safety Project  
 From Inception and for the Fiscal Year Ended June 30, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 31,664.00	\$ -	\$ 31,664.00	\$ 31,664.00
Bond Proceeds and Transfers	-	-	-	-
Contributions from Private Source	-	-	-	-
Transfer from Capital Reserve	31,613.00	-	31,613.00	31,613.00
Transfer from Capital Outlay	-	-	-	-
Total Revenues	<u>63,277.00</u>	<u>-</u>	<u>63,277.00</u>	<u>63,277.00</u>
<b>Expenditures and Other Financing Uses</b>				
Legal Services	-	-	-	-
Other Purchased Professional & Technical Services	-	-	-	-
Construction Services	47,833.92	-	47,833.92	56,064.00
Other Object	-	-	-	7,213.00
Total Expenditures	<u>47,833.92</u>	<u>-</u>	<u>47,833.92</u>	<u>63,277.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 15,443.08</u>	<u>\$ -</u>	<u>\$ 15,443.08</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	5300-070-14-1003			
Project Number SDA	5300-070-14-G3Fh			
Grant Date	7/17/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 63,277.00			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 63,277.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	75.59%			
Original Target Completion Date	6/30/2016			
Revised Target Completion Date	N/A			

**PROPRIETARY FUNDS**

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
Combining Statement of Net Position  
June 30, 2017

	Business-Type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>Community Education and Recreation Fund</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 143,248.95	\$ 144,776.79	\$ 288,025.74
Accounts Receivable:			
State	139.70		139.70
Federal	9,626.64		9,626.64
Other	14,164.14		14,164.14
Inventories	2,192.52		2,192.52
Total Current Assets	<u>169,371.95</u>	<u>144,776.79</u>	<u>314,148.74</u>
Noncurrent Assets:			
Machinery and Equipment	219,216.00		219,216.00
Less Accumulated Depreciation	<u>(150,463.00)</u>		<u>(150,463.00)</u>
Total Noncurrent Assets	<u>68,753.00</u>	<u>-</u>	<u>68,753.00</u>
Total Assets	<u>238,124.95</u>	<u>144,776.79</u>	<u>382,901.74</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	11,586.86		11,586.86
Interfund Payable	7,566.33		7,566.33
Total Liabilities	<u>19,153.19</u>	<u>-</u>	<u>19,153.19</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	68,753.00		68,753.00
Unrestricted	<u>150,218.76</u>	<u>144,776.79</u>	<u>294,995.55</u>
Total Net Position	<u>\$ 218,971.76</u>	<u>\$ 144,776.79</u>	<u>\$ 363,748.55</u>

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>Community Education and Recreation Fund</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 68,863.55		\$ 68,863.55
Daily Sales - Non-Reimbursable Programs	98,854.11		98,854.11
Tuition and Fees		\$ 127,259.47	127,259.47
Total Operating Revenues	<u>167,717.66</u>	<u>127,259.47</u>	<u>294,977.13</u>
<b>OPERATING EXPENSES:</b>			
Salaries	165,532.37	74,999.79	240,532.16
Employee Benefits	35,726.24		35,726.24
Supplies and Materials	14,433.33		14,433.33
Cost of Sales - Reimbursable Programs	161,820.91		161,820.91
Cost of Sales - Non-Reimbursable Programs	42,355.38		42,355.38
Management Fees	22,000.00		22,000.00
Admin and Supervision	26,000.00		26,000.00
Insurance	5,621.94		5,621.94
Uniforms	1,412.92		1,412.92
Repairs and Maintenance	11,531.21		11,531.21
Miscellaneous	15,859.04	9,571.89	25,430.93
Depreciation	12,012.00		12,012.00
Total Operating Expenses	<u>514,305.34</u>	<u>84,571.68</u>	<u>598,877.02</u>
Operating Income / (Loss)	<u>(346,587.68)</u>	<u>42,687.79</u>	<u>(303,899.89)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State Sources:			
State School Lunch Program	5,001.18		5,001.18
Federal Sources:			
National School Lunch Program	238,329.00		238,329.00
National School Breakfast Program	65,483.50		65,483.50
Food Distribution Program	37,606.55		37,606.55
Total Nonoperating Revenues (Expenses)	<u>346,420.23</u>	<u>-</u>	<u>346,420.23</u>
Change in Net Position	(167.45)	42,687.79	42,520.34
Net Position -- July 1	<u>219,139.21</u>	<u>102,089.00</u>	<u>321,228.21</u>
Net Position -- June 30	<u>\$ 218,971.76</u>	<u>\$ 144,776.79</u>	<u>\$ 363,748.55</u>

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds		
	Food Service	Community Education and Recreation Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 186,677.52	\$ 127,259.47	\$ 313,936.99
Payments to Suppliers	(464,984.42)	(84,571.68)	(549,556.10)
Net Cash Provided by (Used for) Operating Activities	<u>(278,306.90)</u>	<u>42,687.79</u>	<u>(235,619.11)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Federal Sources	305,775.40		305,775.40
State Sources	5,026.45		5,026.45
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>310,801.85</u>	<u>-</u>	<u>310,801.85</u>
Net Increase (Decrease) in Cash and Cash Equivalents	32,494.95	42,687.79	75,182.74
Cash and Cash Equivalents -- July 1	<u>110,754.00</u>		<u>110,754.00</u>
Cash and Cash Equivalents -- June 30	<u>\$ 143,248.95</u>	<u>\$ 42,687.79</u>	<u>\$ 185,936.74</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (346,587.68)	\$ 42,687.79	\$ (303,899.89)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	12,012.00		12,012.00
Food Distribution Program	37,606.55		37,606.55
(Increase) Decrease in Accounts Receivable	18,959.86		18,959.86
(Increase) Decrease in Inventories	8,668.48		8,668.48
Increase (Decrease) in Other Current Liabilities	(8,966.11)		(8,966.11)
Total Adjustments	<u>68,280.78</u>	<u>-</u>	<u>68,280.78</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (278,306.90)</u>	<u>\$ 42,687.79</u>	<u>\$ (235,619.11)</u>



**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
Statement of Net Position  
June 30, 2017

	<u>Governmental  Activities -  Internal  Service  Fund</u>
	<u>Joint Pupil  Transportation</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 192,020.95
Accounts Receivable - Other	<u>30,197.00</u>
Total Assets	<u>222,217.95</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Related to Pensions	<u>88,067.00</u>
Total Deferred Outflows of Resources	<u>88,067.00</u>
<b>LIABILITIES:</b>	
<b>Current Liabilities:</b>	
Accounts Payable:	
Other	188,506.10
Related to Pensions	9,022.00
Interfund Payable	<u>684.70</u>
Total Current Liabilities	<u>198,212.80</u>
<b>Noncurrent Liabilities:</b>	
Net Pension Liability	<u>262,259.00</u>
Total Noncurrent Liabilities	<u>262,259.00</u>
Total Liabilities	<u>460,471.80</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Related to Pensions	<u>7,717.00</u>
Total Deferred Inflows of Resources	<u>7,717.00</u>
<b>NET POSITION:</b>	
Unrestricted (Deficit)	<u>(157,903.85)</u>
Total Net Position (Deficit)	<u><u>\$ (157,903.85)</u></u>

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2017

	Governmental Activities - Internal Service Fund
	<u>Joint Pupil Transportation</u>
<hr/>	
OPERATING REVENUES:	
Charges for Services:	
Transportation Fees	\$ 2,014,076.48
Total Operating Revenues	<u>2,014,076.48</u>
OPERATING EXPENSES:	
Salaries	77,208.72
Employee Benefits	17,935.28
Pension Expense	27,076.00
Transportation Costs	1,885,061.00
Miscellaneous	9,664.45
Total Operating Expenses	<u>2,016,945.45</u>
Operating Income (Loss)	<u>(2,868.97)</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Earnings	<u>354.66</u>
Total Nonoperating Revenues (Expenses)	<u>354.66</u>
Change in Net Position	(2,514.31)
Net Position (Deficit) -- July 1	<u>(155,389.54)</u>
Net Position (Deficit) -- June 30	<u><u>\$ (157,903.85)</u></u>

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
For the Fiscal Year Ended June 30, 2017

	Governmental Activities - Internal Service Fund
	<u>Joint Pupil Transportation</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Customers	\$ 2,014,044.30
Payments to Employees	(95,144.00)
Payments to Suppliers	<u>(1,905,013.69)</u>
Net Cash Provided by (Used for) Operating Activities	<u>13,886.61</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest Earnings	<u>354.66</u>
Net Cash Provided by (Used for) Investing Activities	<u>354.66</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,241.27
Cash and Cash Equivalents -- July 1	<u>177,779.68</u>
Cash and Cash Equivalents -- June 30	<u><u>\$ 192,020.95</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	\$ (2,868.97)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Increase (Decreased) in Net Pension Liability	27,076.00
(Increase) Decrease in Accounts Receivable	(32.18)
Increase (Decrease) in Other Current Liabilities	<u>(10,288.24)</u>
Total Adjustments	<u>16,755.58</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 13,886.61</u></u>

**FIDUCIARY FUNDS**

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**FIDUCIARY FUNDS**  
Combining Statement of Fiduciary Net Position  
June 30, 2017

	Private-Purpose Trust Fund		Agency Funds		Total
	Unemployment Compensation Trust	Seabrook Expendable Trust	Student Activity	Payroll	
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 165,971.17	\$ 1,104,892.58	\$ 40,684.51	\$ 79,865.33	\$ 1,391,413.59
Total Assets	<u>165,971.17</u>	<u>1,104,892.58</u>	<u>\$ 40,684.51</u>	<u>\$ 79,865.33</u>	<u>1,391,413.59</u>
<b>LIABILITIES:</b>					
Payable to Student Groups			\$ 40,684.51		40,684.51
Payroll Deductions and Withholdings				\$ 79,865.33	79,865.33
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 40,684.51</u>	<u>\$ 79,865.33</u>	<u>120,549.84</u>
<b>NET POSITION:</b>					
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 165,971.17</u>	<u>\$ 1,104,892.58</u>			<u>\$ 1,270,863.75</u>

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**FIDUCIARY FUNDS**  
Combining Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2017

	<u>Private-Purpose Trust Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Seabrook Expendable Trust</u>	
<b>ADDITIONS:</b>			
Contributions:			
Plan Member	\$ 27,029.58		\$ 27,029.58
Other		\$ 87,119.79	87,119.79
Total Contributions	<u>27,029.58</u>	<u>87,119.79</u>	<u>114,149.37</u>
Investment Earnings:			
Interest	<u>237.45</u>	<u>1,599.13</u>	<u>1,836.58</u>
Total Investment Earnings	<u>237.45</u>	<u>1,599.13</u>	<u>1,836.58</u>
Total Additions	<u>27,267.03</u>	<u>88,718.92</u>	<u>115,985.95</u>
<b>DEDUCTIONS:</b>			
Unemployment Claims	16,266.07		16,266.07
Miscellaneous		11,070.00	11,070.00
Total Deductions	<u>16,266.07</u>	<u>11,070.00</u>	<u>27,336.07</u>
Change in Net Position	11,000.96	77,648.92	88,649.88
Net Position -- July 1	<u>154,970.21</u>	<u>1,027,243.66</u>	<u>1,182,213.87</u>
Net Position -- June 30	<u>\$ 165,971.17</u>	<u>\$ 1,104,892.58</u>	<u>\$ 1,270,863.75</u>

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**FIDUCIARY FUNDS**  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2017

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	<u>Balance</u> <u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Elementary Schools:				
Moore	\$ 12,678.85	\$ 6,359.46	\$ 10,728.05	\$ 8,310.26
Seabrook	6,228.56	22,658.77	20,961.57	7,925.76
Woodruff	21,848.03	71,100.36	68,499.90	24,448.49
	<u>\$ 40,755.44</u>	<u>\$ 100,118.59</u>	<u>\$ 100,189.52</u>	<u>\$ 40,684.51</u>

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**FIDUCIARY FUNDS**  
 Payroll and Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2017

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	<u>Balance</u> <u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ -	\$ 9,842,496.87	\$ 9,762,631.54	\$ 79,865.33
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 9,842,496.87</b>	<b>\$ 9,762,631.54</b>	<b>\$ 79,865.33</b>
<b>LIABILITIES:</b>				
Net Salaries	\$ -	\$ 5,419,665.53	\$ 5,419,665.53	\$ -
Payroll Deductions and Withholdings	-	4,422,831.34	4,342,966.01	79,865.33
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 9,842,496.87</b>	<b>\$ 9,762,631.54</b>	<b>\$ 79,865.33</b>



**LONG-TERM DEBT**

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2017

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2016</u>	<u>Decrease</u>	<u>Balance June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>				
School Refunding Bonds Series 2007	3/14/2007	\$ 4,785,000.00	02/01/18	\$ 400,000.00	3.92%			
			02/01/19	400,000.00	3.92%			
			02/01/20	395,000.00	3.92%			
			02/01/21	390,000.00	3.92%			
			02/01/22	380,000.00	3.92%			
						<u>\$ 2,370,000.00</u>	<u>\$ 405,000.00</u>	<u>\$ 1,965,000.00</u>

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**DEBT SERVICE FUND**  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 497,271.00	\$ -	\$ 497,271.00	\$ 497,271.00	\$ -
Total Revenues	<u>497,271.00</u>	<u>-</u>	<u>497,271.00</u>	<u>497,271.00</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	92,904.00	-	92,904.00	92,904.00	-
Redemption of Principal	405,000.00	-	405,000.00	405,000.00	-
Total Expenditures	<u>497,904.00</u>	<u>-</u>	<u>497,904.00</u>	<u>497,904.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(633.00)	-	(633.00)	(633.00)	-
Other Financing Sources (Uses):					
Transfers from Capital Project Fund	-	-	-	36.54	36.54
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditure	(633.00)	-	(633.00)	(596.46)	36.54
Fund Balance, July 1	<u>670.75</u>	<u>-</u>	<u>670.75</u>	<u>670.75</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 37.75</u>	<u>\$ -</u>	<u>\$ 37.75</u>	<u>\$ 74.29</u>	<u>\$ 36.54</u>

**STATISTICAL SECTION**

## **FINANCIAL TRENDS INFORMATION**

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

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Net Position by Component  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30,									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Governmental Activities</b>										
Net Investment in Capital Assets	12,165,797.00	12,345,098.00	12,112,937.00	12,079,035.00	12,254,981.00	12,336,573.00	12,645,903.00	11,691,900.00	10,122,496.00	9,976,856.00
Restricted	3,051,546.80	2,716,062.00	2,419,687.00	1,886,404.00	1,539,220.00	1,314,658.00	1,278,028.00	1,704,222.00	2,646,418.00	2,486,877.00
Unrestricted (Deficit)	(6,291,381.60)	(5,529,312.00)	(5,093,164.00)	(648,888.00)	(537,789.00)	(363,157.00)	(518,548.00)	(541,293.00)	(530,006.00)	(229,602.00)
<b>Total Governmental Activities Net Position</b>	<b>8,925,962.20</b>	<b>9,531,848.00</b>	<b>9,439,460.00</b>	<b>13,316,551.00</b>	<b>13,256,412.00</b>	<b>13,288,074.00</b>	<b>13,405,383.00</b>	<b>12,854,829.00</b>	<b>12,238,908.00</b>	<b>12,234,131.00</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	68,753.00	80,765.00	88,936.00	81,165.00	92,094.00	98,460.00	26,126.00	14,972.00	14,186.00	18,779.00
Unrestricted	294,995.55	240,464.00	164,632.00	125,225.00	62,328.00	39,467.00	104,730.00	168,442.00	141,837.00	146,649.00
<b>Total Business-Type Activities Net Position</b>	<b>363,748.55</b>	<b>321,229.00</b>	<b>253,568.00</b>	<b>206,390.00</b>	<b>154,422.00</b>	<b>137,927.00</b>	<b>130,856.00</b>	<b>183,414.00</b>	<b>156,023.00</b>	<b>165,428.00</b>
<b>Government-Wide</b>										
Net Investment in Capital Assets	12,234,550.00	12,425,863.00	12,201,873.00	12,160,200.00	12,347,075.00	12,435,033.00	12,672,029.00	11,706,872.00	10,136,682.00	9,995,635.00
Restricted	3,051,546.80	2,716,062.00	2,419,687.00	1,886,404.00	1,539,220.00	1,314,658.00	1,278,028.00	1,704,222.00	2,646,418.00	2,486,877.00
Unrestricted (Deficit)	(5,996,386.05)	(5,288,848.00)	(4,928,532.00)	(523,663.00)	(475,461.00)	(323,690.00)	(413,818.00)	(372,851.00)	(388,169.00)	(82,953.00)
<b>Total Government-Wide Net Position</b>	<b>9,289,710.75</b>	<b>9,853,077.00</b>	<b>9,693,028.00</b>	<b>13,522,941.00</b>	<b>13,410,834.00</b>	<b>13,426,001.00</b>	<b>13,536,239.00</b>	<b>13,038,243.00</b>	<b>12,394,931.00</b>	<b>12,399,559.00</b>

Note: GASB 68 was implemented for June 30, 2015 year end

Source: District Records

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Changes in Net Position  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	5,577,987.55	4,222,225.00	4,013,464.00	3,775,653.00	3,752,639.00	3,837,322.00	4,669,408.00	5,129,876.00	4,794,918.00	4,884,288.00
Special education	1,113,521.46	2,354,416.00	2,229,485.00	2,490,151.00	2,444,697.00	2,203,236.00	1,350,151.00	1,297,296.00	1,313,521.00	1,078,417.00
Other special education	179,870.57	174,065.00	178,089.00	228,349.00	254,091.00	141,666.00	62,184.00	110,440.00	112,740.00	108,812.00
Other instruction	-	-	72,776.00	128,479.00	121,206.00	64,629.00	73,057.00	68,946.00	56,929.00	52,535.00
Support services:										
Tuition	210,492.94	203,949.00	134,308.00	221,228.00	167,681.00	120,954.00	292,283.00	484,764.00	316,305.00	293,482.00
Student & instruction related services	1,985,790.06	1,614,574.00	1,327,589.00	1,199,896.00	1,237,549.00	1,131,317.00	1,178,641.00	1,272,412.00	1,173,186.00	1,179,986.00
General administration services	415,128.88	679,767.00	642,862.00	688,950.00	684,116.00	680,855.00	713,208.00	698,165.00	701,855.00	708,777.00
School administration services	441,067.43	507,446.00	521,910.00	720,197.00	637,111.00	709,532.00	693,122.00	587,864.00	619,696.00	607,181.00
Central services	256,366.14	-	-	-	-	-	-	-	-	-
Admin info technology	94,129.08	-	-	-	-	-	-	-	-	-
Plant operations and maintenance	1,537,895.62	1,474,661.00	1,315,419.00	1,443,699.00	1,431,818.00	1,365,484.00	1,413,256.00	1,508,952.00	1,536,756.00	1,442,634.00
Pupil transportation	2,715,677.15	2,869,563.00	2,960,963.00	2,643,587.00	2,454,897.00	2,367,316.00	2,333,692.00	2,500,900.00	2,337,356.00	2,220,661.00
Unallocated Benefits	7,511,264.89	6,072,737.00	5,246,053.00	3,580,501.00	3,733,245.00	3,370,380.00	3,341,006.00	2,902,165.00	2,973,745.00	3,209,734.00
Transfer to charter schools	50,553.00	20,549.00	29,159.00	10,368.00	24,293.00	22,984.00	-	-	-	-
Interest on long-term debt	190,906.00	206,898.00	222,970.00	237,661.00	224,372.00	217,887.00	262,840.00	198,919.00	212,795.00	224,983.00
Total governmental activities expenses	22,280,650.77	20,400,850.00	18,895,047.00	17,368,719.00	17,167,715.00	16,233,562.00	16,382,848.00	16,760,699.00	16,149,802.00	16,011,490.00
Business-type activities:										
Food service	514,305.34	560,945.00	576,115.00	565,438.00	546,845.00	565,869.00	502,497.00	470,766.00	473,346.00	486,360.00
Community Education & Recreation	84,571.68	64,526.00	59,910.00	51,901.00	44,702.00	76,673.00	97,492.00	113,026.00	117,599.00	110,572.00
Total business-type activities expense	598,877.02	625,471.00	636,025.00	617,339.00	591,547.00	642,542.00	599,989.00	583,792.00	590,945.00	596,932.00
Total government expenses	22,879,527.79	21,026,321.00	19,531,072.00	17,986,058.00	17,759,262.00	16,876,104.00	16,982,837.00	17,344,491.00	16,740,747.00	16,608,422.00
<b>Program Revenues</b>										
Governmental activities:										
Operating grants and contributions	6,112,129.54	2,910,865.00	2,720,783.00	1,117,960.00	1,331,139.00	1,066,787.00	915,265.00	897,762.00	851,205.00	1,405,088.00
Charges for services	2,014,431.14	2,092,878.00	2,100,070.00	2,028,932.00	1,865,628.00	1,791,589.00	1,765,951.00	1,764,002.00	1,729,942.00	1,701,703.00
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	8,126,560.68	5,003,743.00	4,820,853.00	3,146,892.00	3,196,767.00	2,858,376.00	2,681,216.00	2,661,764.00	2,581,147.00	3,106,791.00

(Continued)

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Changes in Net Position  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Business-type activities:										
Operating grants and contributions	346,420.23	369,215.00	364,497.00	356,508.00	314,857.00	301,597.00	300,630.00	319,110.00	285,680.00	281,510.00
Charges for services	294,977.13	323,668.00	318,188.00	312,340.00	292,643.00	311,812.00	245,657.00	291,015.00	294,480.00	302,361.00
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	641,397.36	692,883.00	682,685.00	668,848.00	607,500.00	613,409.00	546,287.00	610,125.00	580,160.00	583,871.00
Total government program revenues	8,767,958.04	5,696,626.00	5,503,538.00	3,815,740.00	3,804,267.00	3,471,785.00	3,227,503.00	3,271,889.00	3,161,307.00	3,690,662.00
<b>Net (Expense)/Revenue</b>										
Governmental activities	(14,154,090.09)	(15,397,107.00)	(14,074,194.00)	(14,221,827.00)	(13,970,948.00)	(13,375,186.00)	(13,701,632.00)	(14,098,935.00)	(13,568,655.00)	(12,904,699.00)
Business-type activities	42,520.34	67,412.00	46,660.00	51,509.00	15,953.00	(29,133.00)	(53,702.00)	26,333.00	(10,785.00)	(13,061.00)
Total government-wide net expense	(14,111,569.75)	(15,329,695.00)	(14,027,534.00)	(14,170,318.00)	(13,954,995.00)	(13,404,319.00)	(13,755,334.00)	(14,072,602.00)	(13,579,440.00)	(12,917,760.00)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	7,274,404.00	7,162,200.00	7,048,452.00	6,905,014.00	6,771,775.00	6,642,740.00	6,475,463.00	6,473,984.00	6,373,098.00	6,118,368.00
Federal and state aid not restricted	6,390,590.04	8,168,610.00	7,402,639.00	7,266,692.00	6,974,491.00	7,082,998.00	7,536,337.00	8,123,586.00	7,046,636.00	7,196,828.00
Miscellaneous income	107,074.25	158,685.00	284,493.00	177,124.00	193,020.00	140,922.00	240,386.00	117,286.00	153,698.00	238,723.00
Total governmental activities	13,772,068.29	15,489,495.00	14,735,584.00	14,348,830.00	13,939,286.00	13,866,660.00	14,252,186.00	14,714,856.00	13,573,432.00	13,553,919.00
Business-type activities:										
Miscellaneous income	-	251.00	518.00	459.00	546.00	719.00	1,144.00	1,058.00	1,380.00	7,096.00
Total business-type activities	-	251.00	518.00	459.00	546.00	719.00	1,144.00	1,058.00	1,380.00	7,096.00
Total government-wide	13,772,068.29	15,489,746.00	14,736,102.00	14,349,289.00	13,939,832.00	13,867,379.00	14,253,330.00	14,715,914.00	13,574,812.00	13,561,015.00
<b>Change in Net Position</b>										
Governmental activities	(382,021.80)	92,388.00	661,390.00	127,003.00	(31,662.00)	491,474.00	550,554.00	615,921.00	4,777.00	649,220.00
Business-type activities	42,520.34	67,663.00	47,178.00	51,968.00	16,499.00	(28,414.00)	(52,558.00)	27,391.00	(9,405.00)	(5,965.00)
Total government	(339,501.46)	160,051.00	708,568.00	178,971.00	(15,163.00)	463,060.00	497,996.00	643,312.00	(4,628.00)	643,255.00

Note: GASB 68 was implemented for June 30, 2015 year end

Source: District Records



**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
*(modified accrual basis of accounting)*  
Unaudited

	Fiscal Year Ending June 30,									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund										
Reserved	-	-	-	-	-	-	-	1,191,469.00	1,307,291.00	2,485,304.00
Unreserved	-	-	-	-	-	-	-	(342,974.00)	(241,065.00)	(1,152.00)
Restricted	3,025,480.43	2,689,400.00	2,332,327.00	1,926,065.00	1,589,130.00	1,503,781.00	953,307.00	-	-	-
Assigned	6,124.83	-	-	-	-	-	-	-	-	-
Unassigned	(339,522.58)	(334,807.00)	(113,480.00)	(337,414.00)	(326,945.00)	(323,923.00)	(298,697.00)	-	-	-
Total General Fund	<u>2,692,082.68</u>	<u>2,354,593.00</u>	<u>2,218,847.00</u>	<u>1,588,651.00</u>	<u>1,262,185.00</u>	<u>1,179,858.00</u>	<u>654,610.00</u>	<u>848,495.00</u>	<u>1,066,226.00</u>	<u>2,484,152.00</u>
All Other Governmental Funds										
Reserved										
Special Revenue Fund	-	-	-	-	-	-	-	(24,126.00)	(23,343.00)	(61,479.00)
Capital Projects Fund	-	-	-	-	-	-	-	542,345.00	1,339,126.00	1,573.00
Debt Service Fund	-	-	-	-	-	-	-	2,125.00	1.00	-
Restricted										
Capital Projects Fund	25,992.08	25,992.00	85,703.00	-	22,839.00	31,690.00	319,847.00	-	-	-
Debt Service Fund	74.29	670.00	1,657.00	1,589.00	2,189.00	4,374.00	4,874.00	-	-	-
Unassigned										
Special Revenue Fund	(45,262.00)	(22,260.00)	(25,228.00)	(27,454.00)	(21,690.00)	(22,707.00)	(24,836.00)	-	-	-
Total All Other Governmental Funds	<u>(19,195.63)</u>	<u>4,402.00</u>	<u>62,132.00</u>	<u>(25,865.00)</u>	<u>3,338.00</u>	<u>13,357.00</u>	<u>299,885.00</u>	<u>520,344.00</u>	<u>1,315,784.00</u>	<u>(59,906.00)</u>

(1) In accordance with GASB 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify fund balance was changed. See the notes to the financial statements.

Source: District Records

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
Tax levy	7,274,404.00	7,162,200.00	7,048,452.00	6,905,014.00	6,771,775.00	6,642,740.00	6,475,463.00	6,473,984.00	6,373,098.00	6,118,368.00
Miscellaneous	112,927.29	158,469.00	246,528.00	196,419.00	193,020.00	140,922.00	194,443.00	115,573.00	152,625.00	232,428.00
State sources	8,417,856.21	8,023,799.00	7,906,755.00	7,689,567.00	7,620,176.00	7,281,124.00	7,516,933.00	7,132,273.00	7,174,695.00	7,947,357.00
Federal sources	1,322,721.33	1,155,012.00	780,158.00	695,085.00	685,454.00	868,661.00	934,669.00	1,889,075.00	723,146.00	654,559.00
Total revenue	17,127,908.83	16,499,480.00	15,981,893.00	15,486,085.00	15,270,425.00	14,933,447.00	15,121,508.00	15,610,905.00	14,423,564.00	14,952,712.00
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	5,256,622.00	3,911,579.00	3,706,714.00	3,775,653.00	3,752,639.00	3,550,023.00	4,371,450.00	4,866,000.00	4,534,584.00	4,634,969.00
Special education instruction	1,055,091.36	2,297,936.00	2,173,713.00	2,168,579.00	2,147,211.00	2,151,002.00	1,295,977.00	1,249,318.00	1,266,187.00	1,030,438.00
Other special instruction	179,870.57	174,065.00	178,089.00	228,349.00	254,091.00	141,666.00	62,184.00	110,440.00	112,740.00	108,812.00
Other instruction	-	-	72,776.00	70,012.00	67,118.00	64,629.00	73,057.00	68,946.00	56,929.00	52,535.00
<b>Support Services:</b>										
Tuition	210,492.94	203,949.00	134,308.00	221,228.00	167,681.00	120,954.00	292,283.00	484,764.00	316,305.00	293,482.00
Student & inst. related services	1,927,359.96	1,558,094.00	1,271,817.00	1,141,429.00	1,183,461.00	1,079,081.00	1,124,467.00	1,224,434.00	1,125,852.00	1,132,007.00
General administration	350,855.77	617,638.00	460,560.00	624,636.00	624,619.00	659,092.00	659,546.00	651,826.00	659,066.00	656,001.00
School administration services	376,794.32	445,317.00	581,512.00	655,883.00	577,614.00	630,416.00	639,460.00	541,526.00	576,908.00	554,405.00
Central services	256,366.14	-	-	-	-	-	-	-	-	-
Admin info technology	94,129.08	-	-	-	-	-	-	-	-	-
Plant operations and maintenance	1,520,366.59	1,457,718.00	1,298,688.00	1,426,159.00	1,415,591.00	1,349,813.00	1,397,004.00	1,494,559.00	1,522,556.00	1,428,240.00
Pupil transportation	725,807.70	775,624.00	860,510.00	617,531.00	585,168.00	558,300.00	547,557.00	715,493.00	609,672.00	523,268.00
Unallocated benefits	4,207,186.18	3,993,840.00	3,666,388.00	3,575,866.00	3,716,405.00	3,342,833.00	3,372,838.00	2,983,760.00	2,873,655.00	3,253,634.00
Transfer to charter schools	50,553.00	20,549.00	29,159.00	10,368.00	24,293.00	22,984.00	-	-	-	-
<b>Debt service</b>										
Principal	405,000.00	410,000.00	410,000.00	400,905.00	378,975.00	362,137.00	340,428.00	333,805.00	312,297.00	305,812.00
Interest and other charges	197,522.00	108,976.00	125,048.00	139,847.00	155,087.00	169,639.00	189,114.00	196,704.00	210,927.00	213,832.00
Capital outlay	-	446,179.00	294,438.00	109,518.00	148,164.00	492,158.00	1,170,487.00	1,702,501.00	338,122.00	37,022.00
Total expenditures	16,814,017.61	16,421,464.00	15,263,720.00	15,165,963.00	15,198,117.00	14,694,727.00	15,535,852.00	16,624,076.00	14,515,800.00	14,224,457.00
Excess (Deficiency) of revenues over (under) expenditures	313,891.22	78,016.00	718,173.00	320,122.00	72,308.00	238,720.00	(414,344.00)	(1,013,171.00)	(92,236.00)	728,255.00
<b>Other Financing Sources (Uses)</b>										
Capital leases	-	-	-	-	-	-	-	-	50,000.00	-
Prior year adjustment	-	-	-	(22,839.00)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(22,839.00)	-	-	-	-	50,000.00	-
Net change in fund balances	313,891.22	78,016.00	718,173.00	297,283.00	72,308.00	238,720.00	(414,344.00)	(1,013,171.00)	(42,236.00)	728,255.00
Debt service as a percentage of noncapital expenditures	3.58%	3.25%	3.57%	3.59%	3.55%	3.74%	3.69%	3.56%	3.69%	3.66%

Source: District Records

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 General Fund - Other Local Revenue By Source  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*  
*Unaudited*

	Fiscal Years Ending June 30,									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Miscellaneous Revenue										
Tuition	4,981.50	79,206.00	144,284.00	130,181.00	133,912.00	79,899.00	123,610.00	36,836.00	112,174.00	106,711.00
Interest on Investments	5,124.30	4,738.00	11,461.00	8,691.00	15,822.00	16,724.00	16,474.00	12,655.00	22,437.00	94,223.00
Rent	17,216.00	18,431.00	12,831.00	9,118.00	8,951.00	6,865.00	5,393.00	4,595.00	4,347.00	4,030.00
Refund of Prior Year's Expenditures	3,256.22	33,417.00	18,867.00	12,996.00	14,553.00	19,907.00	789.00	35,153.00	3,824.00	6,316.00
Telephone/Energy Rebates	18,936.58	14,369.00	17,021.00	17,610.00	6,496.00	6,758.00	26,548.00	22,677.00	-	-
Miscellaneous	57,523.11	8,271.00	41,188.00	14,543.00	12,722.00	9,145.00	18,880.00	1,533.00	9,843.00	21,148.00
Total	<u>107,037.71</u>	<u>158,432.00</u>	<u>245,652.00</u>	<u>193,139.00</u>	<u>192,456.00</u>	<u>139,298.00</u>	<u>191,694.00</u>	<u>113,449.00</u>	<u>152,625.00</u>	<u>232,428.00</u>

Source: District Records

# **REVENUE CAPACITY INFORMATION**

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

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Assessed Value and Actual Value of Taxable Property  
 Last Ten Years  
*Unaudited*

Year	Land	Improvements	Partial Exemptions and Abatements	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2017	168,215,700	458,476,100	(332,500)	626,359,300	1,600,057	627,959,357	605,625,952	Unavailable
2016	168,626,800	460,478,800	(332,500)	628,773,100	1,555,637	630,328,737	624,118,952	1.146
2015	Information not available					631,661,246	640,884,881	1.125
2014						634,807,543	630,327,118	1.099
2013						628,117,666	618,417,150	1.089
2012						630,201,916	631,326,018	1.065
2011						424,194,653	696,056,777	1.547
2010						419,994,185	683,593,123	1.542
2009						434,564,399	757,247,096	1.479
2008						433,113,262	728,773,880	1.443

Source:

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

**b** - Tax rates are per \$100

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**

Direct and Overlapping Property Tax Rates

Per \$100.00 of Assessed Valuation

Last Ten Years

*Unaudited*

<u>Year</u>	<u>School District Direct Rate</u>			<u>Overlapping Rates</u>			<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>(From J-6) Total Direct School Tax Rate</u>	<u>Municipal Local Purpose</u>	<u>Regional School District</u>	<u>County</u>	
2016	1.065	0.081	1.146	0.095	0.489	1.105	2.835
2015	1.041	0.084	1.125	0.087	0.510	1.119	2.841
2014	1.017	0.082	1.099	0.061	0.450	1.035	2.645
2013	1.007	0.082	1.089	0.045	0.445	0.969	2.548
2012	0.984	0.081	1.065	0.030	0.455	0.947	2.497
2011	1.428	0.119	1.547	-	0.670	1.570	3.787
2010	1.419	0.123	1.542	-	0.707	1.467	3.716
2009	1.363	0.116	1.479	-	0.735	1.566	3.780
2008	1.329	0.114	1.443	-	0.739	1.601	3.783
2007	1.297	0.113	1.410	-	0.746	1.376	3.532

Source: Abstract of Ratables for the County of Cumberland

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Principal Property Taxpayers  
 Current Year and Nine Years Ago  
*Unaudited*

<u>Taxpayer</u>	2017			2008		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Walmart TRS LLC	13,954,900.00	1	2.22%	Information not available		
Cedar-Carl's Corner LLC	10,755,600.00	2	1.71%			
KMT Properties LLC	9,335,700.00	3	1.49%			
Seabrook Brothers & Sons Inc.	7,459,100.00	4	1.19%			
Lassonde Pappas & Co Inc.	7,363,100.00	5	1.17%			
Upper Deerfield Station LP	6,629,700.00	6	1.06%			
Founders Realty III	6,153,400.00	7	0.98%			
Upper Deerfield Adult Living, LLC	4,600,000.00	8	0.73%			
Atlantic City Electric Co.	3,203,300.00	9	0.51%			
Pappas Properties LLC	3,192,400.00	10	0.51%			
<b>Total</b>	<b>72,647,200.00</b>		<b>11.57%</b>	<b>-</b>		<b>-</b>

Source: Municipal Tax Assessor

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2017	7,274,404.00	7,274,404.00	100.00%	-
2016	7,162,200.00	7,162,200.00	100.00%	-
2015	7,048,452.00	7,048,452.00	100.00%	-
2014	6,905,014.00	6,905,014.00	100.00%	-
2013	6,771,775.00	6,771,775.00	100.00%	-
2012	6,642,740.00	6,642,740.00	100.00%	-
2011	6,475,463.00	6,475,463.00	100.00%	-
2010	6,423,541.00	6,423,541.00	100.00%	-
2009	6,373,098.00	6,373,098.00	100.00%	-
2008	5,947,810.00	5,947,810.00	100.00%	-

(1) 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.

Source: District Records



## **Debt Capacity Information**

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

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Percentage of Personal Income (1)	Per Capita (2)
	General Obligation Bonds	Capital Leases	Capital Leases				
2017	1,965,000.00	-	-	-	1,965,000.00	Unavailable	Unavailable
2016	2,370,000.00	-	-	-	2,370,000.00	Unavailable	316.46
2015	2,780,000.00	-	-	-	2,780,000.00	1.01%	366.46
2014	3,190,000.00	-	-	-	3,190,000.00	1.18%	418.97
2013	3,590,904.00	-	-	-	3,590,904.00	1.37%	471.00
2012	3,969,879.00	-	-	-	3,969,879.00	1.52%	517.72
2011	4,332,016.00	14,041.00	-	-	4,346,057.00	1.65%	566.85
2010	4,672,443.00	25,901.00	-	-	4,698,344.00	1.85%	613.36
2009	5,006,248.00	38,774.00	-	-	5,045,022.00	1.87%	606.59
2008	5,318,545.00	7,331.00	-	-	5,325,876.00	2.02%	644.86

Source:

(1) Personal income has been estimated based upon the municipal population and per capita

(2) Population information provided by the NJ Department of Labor and Workforce Development

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2017	1,965,000.00	-	1,965,000.00	0.31%	Unavailable
2016	2,370,000.00	-	2,370,000.00	0.38%	316.46
2015	2,780,000.00	-	2,780,000.00	0.44%	366.46
2014	3,190,000.00	-	3,190,000.00	0.50%	418.97
2013	3,590,904.00	-	3,590,904.00	0.57%	471.00
2012	3,969,879.00	-	3,969,879.00	0.63%	517.72
2011	4,332,016.00	-	4,332,016.00	1.02%	565.02
2010	4,672,443.00	-	4,672,443.00	1.11%	609.98
2009	5,006,248.00	-	5,006,248.00	1.15%	601.93
2008	5,318,545.00	-	5,318,545.00	1.23%	643.97

## Source:

(1) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation

(2) Population information provided by the NJ Department of Labor and Workforce Development

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2016  
*Unaudited*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Net Debt Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Upper Deerfield Township (1)	1,306,250.00	100.00%	1,306,250.00
Cumberland Regional High School District (1)	7,857,000.00	37.95%	2,982,112.10
County of Cumberland (2) (A)	92,801,762.46	6.91%	<u>6,415,948.71</u>
Subtotal, overlapping debt			10,704,310.81
Upper Deerfield Township School District Direct Debt	2,370,000.00	100.00%	<u>2,370,000.00</u>
Total direct and overlapping debt			<u><u>13,074,310.81</u></u>

Source:

- (1) Upper Deerfield Township Audit Report - December 31, 2016
- (2) County of Cumberland Annual Debt Statement - December 31, 2016

(A) The debt for this entity was apportioned to the Upper Deerfield Township by dividing the Township's 2016 equalized value by the total 2016 equalized value for the County of Cumberland, which results in an apportionment of 6.91%.

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Computation of Legal Debt Margin  
 Last Ten Fiscal Years  
*Unaudited*

**Legal Debt Margin Calculation for Fiscal Year 2017**

		<u>Equalized Valuation Basis (1)</u>
	2016	598,603,484.00
	2015	617,400,470.00
	2014	<u>636,299,206.00</u>
	[A]	<u>1,852,303,160.00</u>
Average equalized valuation of taxable property	[A/3]	617,434,386.67
Debt limit (3% of average equalization value) (2)	[B]	18,523,031.60
Total Net Debt Applicable to Limit	[C]	<u>1,965,000.00</u>
Legal Debt Margin	[B-C]	<u>16,558,031.60</u>

	Fiscal Year Ended June 30,									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debit Limit	18,523,031.60	18,708,703.00	18,676,468.00	18,552,609.00	19,081,323.00	19,765,851.00	20,757,371.00	21,105,554.00	19,917,861.00	17,582,381.00
Total net debt applicable to limit (3)	<u>1,965,000.00</u>	<u>2,370,000.00</u>	<u>2,780,000.00</u>	<u>3,190,000.00</u>	<u>3,590,904.00</u>	<u>3,969,879.00</u>	<u>4,332,016.00</u>	<u>4,672,443.00</u>	<u>5,006,248.00</u>	<u>5,318,545.00</u>
Legal Debt Margin	<u>16,558,031.60</u>	<u>16,338,703.00</u>	<u>15,896,468.00</u>	<u>15,362,609.00</u>	<u>15,490,419.00</u>	<u>15,795,972.00</u>	<u>16,425,355.00</u>	<u>16,433,111.00</u>	<u>14,911,613.00</u>	<u>12,263,836.00</u>
Total net debt applicable to the limit as a percentage of debt limit	10.61%	12.67%	14.89%	17.19%	18.82%	20.08%	20.87%	22.14%	25.13%	30.25%

Source:

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

## **Demographic and Economic Information**

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Demographic and Economic Statistics  
 Last Ten Years  
*Unaudited*

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2016	7,489	Unavailable	Unavailable	5.80%
2015	7,586	275,015,258.00	36,253.00	6.20%
2014	7,614	270,053,352.00	35,468.00	7.50%
2013	7,624	261,396,464.00	34,286.00	7.40%
2012	7,668	262,015,560.00	34,170.00	13.50%
2011	7,667	262,686,754.00	34,262.00	12.00%
2010	7,660	254,220,080.00	33,188.00	10.40%
2009	8,317	269,795,163.00	32,439.00	9.70%
2008	8,259	263,751,165.00	31,935.00	5.60%
2007	8,045	243,634,780.00	30,284.00	4.60%

Source:

- (1) Population information provided by the NJ Department of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by municipality-estimated based upon the 2010 Census published
- (4) Unemployment data provided by the NJ Department of Labor and Workforce Development

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Principal Employers  
Current Year and Nine Years Ago  
*Unaudited*

Employer	2017			2008		
	Approximate Number of Employees	Rank	Percentage of Total Municipal Employment (1)	Approximate Number of Employees	Rank	Percentage of Total Municipal Employment (1)
<b>Information Not Available</b>						
	-		0.00%	-		0.00%



## **Operating Information**

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

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

<b><u>Function/Program</u></b>	<u>Fiscal Year Ended June 30,</u>									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction										
Regular	76	76	76	76	76	79	79	80	83	83
Special Education	30	27	27	26	27	24	24	24	14	14
Other Special Education	1	1	1	1	1	1	1	5	12	12
Support Services:										
Student & Instruction Related Services	15	15	15	15	15	15	15	17	19	18
General Administrative Services	2	2	2	2	2	2	2	2	4	4
School Administrative Services	5	5	5	5	5	5	5	6	3	3
Other Administrative Services	0	0	0	0	0	0	0	0	3	3
Central Services	3	3	3	3	3	3	3	3	0	-
Administrative Information Technology	1	1	1	1	1	1	1	1	0	-
Plant Operations & Maintenance	12	12	12	12	12	12	12	14	15	15
Pupil Transportation	0	0	0	0	0	0	0	0	0	-
Other Support Services	2	2	2	2	2	2	2	2	2	2
<b>Total</b>	<b>147</b>	<b>144</b>	<b>144</b>	<b>143</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>154</b>	<b>155</b>	<b>154</b>

Source: District Personnel Records

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Operating Statistics  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year June 30,	Average Daily Enrollment (ADE) <sup>c</sup>	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	Middle School				
2017	890	16,211,495.61	18,213.36	6.76%	87	10:3	10:1	890	845	-1.76%	94.94%
2016	906	15,456,309.00	17,059.94	7.08%	87	10:3	10:1	906	859	-0.88%	94.81%
2015	906	14,434,234.00	15,931.83	-0.56%	88	10:3	10:1	914	868	0.88%	94.97%
2014	906	14,515,693.00	16,021.74	-0.99%	87	10:3	10:1	906	862	0.89%	95.14%
2013	897	14,515,891.00	16,182.71	1.68%	88	10:3	10:1	898	850	4.91%	94.65%
2012	859	13,670,793.00	15,914.78	2.45%	87	10:3	10:1	856	817	-4.68%	95.44%
2011	891	13,841,623.00	15,534.93	0.75%	87	10:3	10:1	898	852	-3.54%	94.88%
2010	935	14,417,708.00	15,420.01	-1.30%	94	9:5	8:6	931	877	4.84%	94.20%
2009	874	13,654,454.00	15,622.95	1.62%	92	10:4	8:7	888	840	-0.56%	94.59%
2008	889	13,667,791.00	15,374.34	-1.26%	92	10:1	8:7	893	843	-2.08%	94.40%

Source: District Records

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).

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 School Building Information  
 Last Ten Fiscal Years  
*Unaudited*

<b><u>District Building</u></b>	Fiscal Year Ended June 30,									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b><u>Elementary:</u></b>										
Seabrook Elementary School (1957)										
Square Feet	70,666	70,666	70,666	70,666	70,666	70,666	70,666	70,666	70,666	70,666
Capacity (Students)	437	437	437	437	437	437	437	437	437	437
Enrollment	407	452	452	452	451	412	416	438	443	449
Moore Elementary School (1923)										
Square Feet	48,894	48,894	48,894	48,894	48,894	48,894	48,894	48,894	48,894	48,894
Capacity (Students)	297	297	297	297	297	297	297	297	297	297
Enrollment	189	170	170	170	169	160	181	197	179	196
<b><u>Middle School:</u></b>										
Woodruff Middle School (1975)										
Square Feet	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000
Capacity (Students)	259	259	259	259	259	259	259	259	259	259
Enrollment	292	284	284	284	284	287	293	283	278	274
<b><u>Other:</u></b>										
Central Administration (1936)										
Square Feet	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Facility Building (2006)										
Square Feet	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Number of Schools at June 30, 2017										
Elementary/Middle = 2										
Middle School = 1										
Other = 2										

**Source:** District Records

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October district count.

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Schedule of Required Maintenance  
 Last Ten Fiscal Years  
*Unaudited*

Undistributed Expenditures - Required Maintenance  
 for School Facilities  
 11-000-261-xxx

	Fiscal Year Ended June 30,									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>* School Facilities</u>										
Administration	134,360.98	167,418.00	61,894.00	5,162.00	66,896.00	37,343.00	26,000.00	41,383.00	38,756.00	33,239.00
Seabrook	67,873.16	75,553.00	22,541.00	67,090.00	79,260.00	77,143.00	48,490.00	90,749.00	139,502.00	156,573.00
Moore	53,389.83	72,753.00	21,033.00	49,027.00	59,099.00	24,573.00	39,637.00	48,650.00	74,587.00	73,893.00
Woodruff	39,348.19	37,699.00	26,625.00	136,760.00	107,047.00	91,197.00	36,892.00	58,029.00	69,711.00	56,305.00
<b>Total</b>	<b>294,972.16</b>	<b>353,423.00</b>	<b>132,093.00</b>	<b>258,039.00</b>	<b>312,302.00</b>	<b>230,256.00</b>	<b>151,019.00</b>	<b>238,811.00</b>	<b>322,556.00</b>	<b>320,010.00</b>

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Source: District Records

## UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT

Insurance Schedule

June 30, 2017

*Unaudited*


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	<u>Coverage</u>	<u>Deductible</u>
School Package Policy:		
Property, Inland Marine and Automobile Physical Damages	175,000,000.00	500.00
Boiler and Machinery	125,000,000.00	1,000.00
Crime	500,000.00	500.00
General and Automobile Liability	20,000,000.00	None
Workers' Compensation	Statutory	None
Educator's Legal Liability	20,000,000.00	None
Pollution Legal Liability	3,000,000.00	25,000.00
Cyber Liability	1,000,000.00	25,000.00
Violent Malicious Acts	1,000,000.00	15,000.00
Disaster Management Services	2,000,000.00	15,000.00
 Surety Bonds:		
Cherie R. Bratty, Assistant Superintendent for Business / Board Secretary	100,000.00	
Kim Fleetwood, Treasurer	300,000.00	

Source: District Records

**SINGLE AUDIT SECTION**

**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  
Upper Deerfield Township School District  
Seabrook, New Jersey 08302

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

We have audited the Upper Deerfield Township School District's, in the County of Cumberland, 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**

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

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

**Opinion on Each Major Federal and State Program**

In our opinion, the Upper Deerfield Township School District, in the County of Cumberland, 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 Upper Deerfield Township School District, in the County of Cumberland, 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 our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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.

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

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

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Fred S. Caltabiano*

Fred S. Caltabiano  
Certified Public Accountant  
Public School Accountant No. CS00238100

Woodbury, New Jersey  
November 27, 2017

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2017

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance June 30, 2016	Carryover / (Walkover) Amount
					From	To		
<b>General Fund:</b>								
U.S. Department of Health and Human Services								
Passed-through State Department of Education:								
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	N/A	\$ 60,909.00	7-1-2015	6-30-2016	\$ (26,500.00)	
Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	N/A	47,122.73	7-1-2016	6-30-2017		
ARRA - Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	N/A	5,119.31	4-1-2009	12-31-2010		
Total Medical Assistance Program							(26,500.00)	-
Total General Fund and Total U.S. Department of Health and Human Services							(26,500.00)	-
<b>Special Revenue Fund:</b>								
U.S. Department of Education:								
Passed-through State Department of Education:								
No Child Left Behind (NCLB):								
Title I Grants to Local Educational Agencies	84.010	S010A150030	N/A	362,823.00	7-1-2015	6-30-2016	(58,910.00)	
Title I Grants to Local Educational Agencies	84.010	S010A160030	N/A	362,243.00	7-1-2016	6-30-2017		
Total Title I							(58,910.00)	-
Improving Teacher Quality State Grants (Title II)	84.367	S367A150029	N/A	48,806.00	7-1-2015	6-30-2016	(10,071.00)	
Improving Teacher Quality State Grants (Title II)	84.367	S367A160029	N/A	46,706.00	7-1-2016	6-30-2017		
Total Title II							(10,071.00)	-
English Language Acquisition (Title III)	84.365	S365A150030	N/A	15,073.00	7-1-2015	6-30-2016	(3,110.00)	
English Language Acquisition (Title III)	84.365	S365A160030	N/A	10,618.00	7-1-2016	6-30-2017		
Total Title III							(3,110.00)	-
Rural & Low-Income Schools (Title VI, Part B)	84.358	S358B160030	N/A	19,230.00	7-1-2016	6-30-2017		
Individual with Disabilities Education Act (IDEA):								
Special Education Cluster:								
Special Education - Grants to States (IDEA, Part B)	84.027	H027A150100	N/A	244,228.00	7-1-2015	6-30-2016	(1,036.00)	
Special Education - Grants to States (IDEA, Part B)	84.027	H027A160100	N/A	235,848.00	7-1-2016	6-30-2017		
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A160114	N/A	5,349.00	7-1-2016	6-30-2017		
Total IDEA Special Education Cluster							(1,036.00)	-
ARRA - Race to the Top - Preschool Development Grants-Expansion	84.419	S419B160020	N/A	534,737.00	7-1-2016	6-30-2017		
Total Special Revenue Fund and Total U.S. Department of Education							(73,127.00)	-
<b>Enterprise Fund:</b>								
U.S. Department of Agriculture								
Passed-through State Department of Agriculture:								
Child Nutrition Cluster:								
Food Distribution Program (Non-Cash Assistance)	10.555	16161NJ304N1099	N/A	40,384.00	7-1-2015	6-30-2016	2,007.00	
Food Distribution Program (Non-Cash Assistance)	10.555	171NJ304N1099	N/A	37,606.55	7-1-2016	6-30-2017		
National School Lunch Program	10.555	16161NJ304N1099	N/A	241,503.00	7-1-2015	6-30-2016	(7,717.00)	
National School Lunch Program	10.555	171NJ304N1099	N/A	238,329.00	7-1-2016	6-30-2017		
School Breakfast Program	10.553	16161NJ304N1099	N/A	82,065.00	7-1-2015	6-30-2016	(3,872.00)	
School Breakfast Program	10.553	171NJ304N1099	N/A	65,483.50	7-1-2016	6-30-2017		
Total Child Nutrition Cluster							(9,582.00)	-
Total Enterprise Fund and Total U.S. Department of Agriculture							(9,582.00)	-
Total Federal Financial Assistance							\$ (109,209.00)	\$ -

(a) see note 6 to the schedules of expenditures of federal awards and state financial assistance

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

Cash Received	Budgetary Expenditures			Passed- Through to Sub recipients	Adjustments (a)	Repayment of Prior Years' Balances	Balance June 30, 2017		
	Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ 26,500.00									
47,122.73	\$ (47,122.73)		\$ (47,122.73)						
5,119.31	(5,119.31)		(5,119.31)						
78,742.04	(52,242.04)	-	(52,242.04)	-	-	-	-	-	-
78,742.04	(52,242.04)	-	(52,242.04)	-	-	-	-	-	-
62,087.00					\$ (3,177.00)				
299,206.00	(362,243.00)		(362,243.00)				\$ (63,037.00)		
361,293.00	(362,243.00)	-	(362,243.00)	-	(3,177.00)	-	(63,037.00)	-	-
10,071.00									
37,068.00	(46,706.00)		(46,706.00)				(9,638.00)		
47,139.00	(46,706.00)	-	(46,706.00)	-	-	-	(9,638.00)	-	-
3,110.00									
8,427.00	(10,618.00)		(10,618.00)				(2,191.00)		
11,537.00	(10,618.00)	-	(10,618.00)	-	-	-	(2,191.00)	-	-
19,230.00	(19,196.96)		(19,196.96)		(33.04)		-		
1,080.00					(44.00)				
235,848.00	(235,848.00)		(235,848.00)						
5,349.00	(5,349.00)		(5,349.00)						
242,277.00	(241,197.00)	-	(241,197.00)	-	(44.00)	-	-	-	-
444,305.00	(523,063.79)		(523,063.79)				(78,758.79)		
1,125,781.00	(1,203,024.75)	-	(1,203,024.75)	-	(3,254.04)	-	(153,624.79)	-	-
	(2,007.00)		(2,007.00)						
35,599.55	(35,599.55)		(35,599.55)						
7,717.00									
231,579.42	(238,329.00)		(238,329.00)				(6,749.58)		
3,872.00									
62,606.44	(65,483.50)		(65,483.50)				(2,877.06)		
341,374.41	(341,419.05)	-	(341,419.05)	-	-	-	(9,626.64)	-	-
341,374.41	(341,419.05)	-	(341,419.05)	-	-	-	(9,626.64)	-	-
\$ 1,545,897.45	\$ (1,596,685.84)	\$ -	\$ (1,596,685.84)	\$ -	\$ (3,254.04)	\$ -	\$ (163,251.43)	\$ -	\$ -

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2017

State Grantor / Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016		Carryover/ (Walkover) Amount
			From	To	Unearned Revenue / (Accounts Receivable)	Due to Grantor	
General Fund:							
New Jersey Department of Education:							
Current Expense:							
State Aid - Public Cluster:							
Equalization Aid	495-034-5120-078	\$ 5,604,194.00	7-1-2015	6-30-2016	\$ (533,067.00)		
Equalization Aid	495-034-5120-078	5,627,066.00	7-1-2016	6-30-2017			
Special Education Categorical Aid	495-034-5120-089	456,601.00	7-1-2015	6-30-2016	(45,660.00)		
Special Education Categorical Aid	495-034-5120-089	465,051.00	7-1-2016	6-30-2017			
Security Aid	495-034-5120-084	146,667.00	7-1-2015	6-30-2016	(14,667.00)		
Security Aid	495-034-5120-084	151,057.00	7-1-2016	6-30-2017			
Per Pupil Growth Aid	495-034-5120-097	8,370.00	7-1-2015	6-30-2016	(837.00)		
Per Pupil Growth Aid	495-034-5120-097	8,370.00	7-1-2016	6-30-2017			
PARCC Readiness Aid	495-034-5120-098	8,370.00	7-1-2015	6-30-2016	(837.00)		
PARCC Readiness Aid	495-034-5120-098	8,370.00	7-1-2016	6-30-2017			
Professional Learning Community Aid	495-034-5120-101	8,670.00	7-1-2016	6-30-2017			
Host District Support Aid	495-034-5120-102	183.00	7-1-2016	6-30-2017			
<b>Total State Aid - Public Cluster</b>					<b>(595,068.00)</b>	<b>-</b>	<b>-</b>
Categorical Transportation Aid	495-034-5120-014	58,120.00	7-1-2015	6-30-2016	(5,812.00)		
Categorical Transportation Aid	495-034-5120-014	66,969.00	7-1-2016	6-30-2017			
Nonpublic Transportation Aid	495-034-5120-014	5,742.00	7-1-2015	6-30-2016	(5,742.00)		
Nonpublic Transportation Aid	495-034-5120-014	5,916.00	7-1-2016	6-30-2017			
<b>Total Transportation Aid</b>					<b>(11,554.00)</b>	<b>-</b>	<b>-</b>
Reimbursed TPAF Social Security Contributions	495-034-5094-003	460,922.21	7-1-2016	6-30-2017			
<b>Total General Fund</b>					<b>(606,622.00)</b>	<b>-</b>	<b>-</b>
Special Revenue Fund:							
New Jersey Department of Education:							
Preschool Education Aid	495-034-5120-086	222,600.00	7-1-2015	6-30-2016	(22,260.00)		
Preschool Education Aid	495-034-5120-086	452,620.00	7-1-2016	6-30-2017			
<b>Total Preschool Education Aid and Special Revenue Fund</b>					<b>(22,260.00)</b>	<b>-</b>	<b>-</b>
<b>Total State Department of Education</b>					<b>(628,882.00)</b>	<b>-</b>	<b>-</b>
Capital Project Fund:							
Education Facilities Construction and Financing Act							
School Addition and Renovation	5300-070-14-1002	23,565.00	7-1-2014	6-30-2017	(3,669.00)		
School Addition and Renovation	5300-060-14-1001	92,601.00	7-1-2014	6-30-2017	(79,603.00)		
School Addition and Renovation	5300-070-14-1003	31,664.00	7-1-2014	6-30-2017	(4,814.00)		
<b>Total Capital Projects Fund</b>					<b>(88,086.00)</b>	<b>-</b>	<b>-</b>
Enterprise Fund:							
New Jersey Department of Agriculture:							
State School Lunch Program	100-010-3350-023	5,263.00	7-1-2015	6-30-2016	(165.00)		
State School Lunch Program	100-010-3350-023	5,001.18	7-1-2016	6-30-2017			
<b>Total Enterprise Fund / New Jersey Department of Agriculture</b>					<b>(165.00)</b>	<b>-</b>	<b>-</b>
<b>Total State Financial Assistance subject to Major Program Determination for State Single Audit</b>					<b>(717,133.00)</b>	<b>-</b>	<b>-</b>
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
On-behalf Contributions:							
TPAF Post Retirement Medical	495-034-5094-001	539,902.00	7-1-2016	6-30-2017			
Teacher's Pension & Annuity Fund	495-034-5094-002	625,309.00	7-1-2016	6-30-2017			
TPAF Non-contributory Insurance	495-034-5094-004	22,656.00	7-1-2016	6-30-2017			
Long-Term Disability Insurance	495-034-5094-004	1,101.00	7-1-2016	6-30-2017			
<b>Total General Fund (Non-Cash Assistance)</b>					<b>-</b>	<b>-</b>	<b>-</b>
<b>Total State Financial Assistance</b>					<b>\$ (717,133.00)</b>	<b>\$ -</b>	<b>\$ -</b>

(a) see note 6 to the schedules of expenditures of federal awards and state financial assistance

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

Cash Received	Total Budgetary Expenditures	Passed- Through to Sub recipients	Adjustments (a)	Repayment of Prior Years' Balances	Balance at June 30, 2017			(Memo Only)	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
\$ 533,067.00									
5,090,682.00	\$ (5,627,066.00)				\$ (536,384.00)			\$ (536,384.00)	\$ 5,627,066.00
45,660.00									
420,559.00	(465,051.00)				(44,492.00)			(44,492.00)	465,051.00
14,667.00									
136,605.00	(151,057.00)				(14,452.00)			(14,452.00)	151,057.00
837.00									
7,569.00	(8,370.00)				(801.00)			(801.00)	8,370.00
837.00									
7,569.00	(8,370.00)				(801.00)			(801.00)	8,370.00
7,841.00	(8,670.00)				(829.00)			(829.00)	8,670.00
165.00	(183.00)				(18.00)			(18.00)	183.00
6,266,058.00	(6,268,767.00)	-	-	-	(597,777.00)	-	-	(597,777.00)	6,268,767.00
5,812.00									
60,562.00	(66,969.00)				(6,407.00)			(6,407.00)	66,969.00
5,742.00									
	(5,916.00)				(5,916.00)				5,916.00
72,116.00	(72,885.00)	-	-	-	(12,323.00)	-	-	(6,407.00)	72,885.00
438,161.30	(460,922.21)				(22,760.91)				460,922.21
6,776,335.30	(6,802,574.21)	-	-	-	(632,860.91)	-	-	(604,184.00)	6,802,574.21
22,260.00									
407,358.00	(452,620.00)				(45,262.00)			(45,262.00)	452,620.00
429,618.00	(452,620.00)	-	-	-	(45,262.00)	-	-	(45,262.00)	452,620.00
7,205,953.30	(7,255,194.21)	-	-	-	(678,122.91)	-	-	(649,446.00)	7,255,194.21
					(3,669.00)				
					(79,603.00)				
					(4,814.00)				
-	-	-	-	-	(88,086.00)	-	-	-	-
165.00									
4,861.48	(5,001.18)				(139.70)				5,001.18
5,026.48	(5,001.18)	-	-	-	(139.70)	-	-	-	5,001.18
7,210,979.78	(7,260,195.39)	-	-	-	(766,348.61)	-	-	(649,446.00)	7,260,195.39
539,902.00	(539,902.00)								539,902.00
625,309.00	(625,309.00)								625,309.00
22,656.00	(22,656.00)								22,656.00
1,101.00	(1,101.00)								1,101.00
1,188,968.00	(1,188,968.00)	-	-	-	-	-	-	-	1,188,968.00
\$ 8,399,947.78	\$ (8,449,163.39)	\$ -	\$ -	\$ -	\$ (766,348.61)	\$ -	\$ -	\$ (649,446.00)	\$ 8,449,163.39

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2017

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**Note 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Upper Deerfield Township School District (hereafter referred to as the “School District”). The School District is defined in note 1 to the School District’s basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the capital projects fund are presented on the modified accrual basis of accounting and programs recorded in the enterprise fund 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. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) 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*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**Note 3: INDIRECT COST RATE**

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

**Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

**Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$(3,304.00) for the general fund and \$44,452.54 for 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.

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 52,242.04	\$ 7,988,238.21	\$ 8,040,480.25
Special Revenue	1,270,479.29	429,618.00	1,700,097.29
Food Service	<u>341,419.05</u>	<u>5,001.18</u>	<u>346,420.23</u>
Total Awards and Financial Assistance	<u>\$ 1,664,140.38</u>	<u>\$ 8,422,857.39</u>	<u>\$ 10,086,997.77</u>

**Note 5: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 6: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" represent favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2015-2016.

**Note 7: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2017, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. 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 fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

**Note 8: MAJOR PROGRAMS**

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

UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified
Internal control over financial reporting:
Material weakness(es) identified? \_\_\_ yes X no
Significant deficiency(ies) identified? \_\_\_ yes X none reported
Noncompliance material to financial statements noted? \_\_\_ yes X no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? \_\_\_ yes X no
Significant deficiency(ies) identified? \_\_\_ yes X none reported
Type of auditor's report issued on compliance for major programs Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? \_\_\_ yes X no

Identification of major programs:

Table with 3 columns: CFDA Number(s), FAIN Number(s), Name of Federal Program or Cluster. Rows include National School Lunch Program, National School Breakfast Program, and Food Distribution Program.

Dollar threshold used to determine Type A programs \$ 750,000

Auditee qualified as low-risk auditee? X yes \_\_\_ no



UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2017

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

**State Financial Assistance**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes X no

Significant deficiency(ies) identified? \_\_\_\_\_ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB?

Identification of major programs:

**GMIS Numbers**

**Name of State Program**

_____	State Aid Public: _____
495-034-5120-078 _____	Equalization Aid _____
495-034-5120-089 _____	Special Education Categorical Aid _____
495-034-5120-084 _____	Security Aid _____
495-034-5120-097 _____	Per Pupil Growth Aid _____
495-034-5120-098 _____	PARCC Readiness Aid _____
495-034-5120-101 _____	Professional Learning Community Aid _____
495-034-5120-102 _____	Host District Support Aid _____
495-034-5120-086 _____	Preschool Education Aid _____

Dollar threshold used to determine Type A programs \$ \_\_\_\_\_ 750,000

Auditee qualified as low-risk auditee? X yes \_\_\_\_\_ no

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2017

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***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 Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings.

***Section 3- Schedule of Federal Award 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 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).

No Current Year Findings.

***Section 4- Schedule of 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 State programs, as required by State of New Jersey Circular 15-08-OMB.

No Current Year Findings.

**UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

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

**FINANCIAL STATEMENT FINDINGS**

No Prior Year Findings.

**FEDERAL AWARDS**

**Finding No. 2016-001**

**Program**

Race to the Top – Preschool Expansion (CFDA No. 84.419)

**Condition**

The salaries being charged to the federal Preschool Expansion program were not supported by periodic certifications as required.

**Current Status**

This condition has been resolved.

**Finding No. 2016-002**

**Program**

Race to the Top – Preschool Expansion (CFDA No. 84.419)

**Condition**

The grant requires that periodic reports be filed to report the total number of children enrolled in the preschool program and also the number of children funded by the grant.

**Current Status**

This condition has been resolved.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

No Prior Year Findings.