

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF  
TOWNSHIP OF DEERFIELD  
BOARD OF EDUCATION  
ROSENHAYN, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
OUTLINE OF CAFR**

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## **INTRODUCTORY SECTION**

**DEERFIELD TOWNSHIP BOARD OF EDUCATION  
PO BOX 375  
ROSENHAYN NJ 08352**

**Mary Steinhauer-Kula  
Chief School Administrator  
856 451-6610**

**Melanie M. Allen  
Business Administrator/Board Secretary  
856 451-2804**

February 14, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Deerfield Township School District for the fiscal year ended June 30, 2018 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 Deerfield Township Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statement and schedules, as well as auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 and NJ Treasury Circular OMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Deerfield Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Deerfield Township Board of Education and the school district constitute the 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 children with special needs.

The District completed the 2017-18 fiscal year with an enrollment of 335 students, which is a 14 student increase from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last twelve years.

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-18	335	4.36
2016-17	321	(1.83)
2015-16	327	(2.10)
2014-15	334	0.91
2013-14	331	(4.61)
2012-13	347	(3.61)
2011-12	360	(3.49)
2010-11	373	(3.12)
2009-10	385	6.94
2008-09	360	0.56
2007-08	358	(4.02)
2006-07	373	8.75

2. MAJOR INITIATIVES:

The Leadership Team, consisting of the Chief School Administrator, Assistant Principal, instructional coaches, and the School Business Administrator collaborate with teachers as active learners during professional development. The professional learning environment includes professional learning communities, grade level meetings, and staff meetings. Professional reflection is focused on student achievement as determined by student behaviors and teacher behaviors. Consequently, possibilities result for the school community to be on the cutting edge of pedagogy and thereby, enhance student learning. Over the past few years, our district has focused on the delivery of instruction driven by the revised NJ Core Curriculum Content Standards. Recently, new teaching techniques and strategies have facilitated the implementation of the Common Core in aligning with our district curriculum. Because of this implementation we have continued to improve upon the differentiation of instruction, increase literacy skills and math fluency, create formative assessments, evaluate data for use in addressing student growth and goals, as well as encourage the use of technology as a tool to increase student achievement. Turnkey training



and professional collegiality have occurred more frequently. Individual professional development plans, the district professional development plan, and Smart Goals ensure the pursuit of teaching excellence.

Teaching initiatives have primarily focused on differentiation of instruction across all content areas and grade levels with specific emphasis in math and language arts, benchmarking, data analyses, and behavior modification through the Positive Behavior Support in Schools (PBSIS) initiative. Deerfield Township School has a full-time literacy coach, a full-time math coach, and a student support/behavioral interventionist. Staff will continue training in the use of student information and data analyses to accurately assess individual student needs, and to align and modify teaching strategies to benefit each learner. These practices have allowed us to provide better instruction, assessments, and implementation and alignment to the Common Core.

### 3. INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring compliance with applicable laws and regulations related to those programs. This internal control procedure 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.

### 4. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be included as re-appropriation are reported as reservations of fund balance at June 30, 2018.

5. ACCOUNTING SYSTEM AND REPORTS:

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

6. 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. The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2018 and the amount and percentage of increases in relation to prior revenues.

<b>Revenue</b>	Prior Year Amount	Amount	Percent of Total	Increase/ (Decrease) for June 30, 2018	Percent of Increase/ (Decrease)
Local Sources	\$ 2,769,734.	\$ 2,863,517.	43.76%	\$ 93,783.	3.28%
State Sources	3,229,755.	3,447,511.	52.68%	217,756.	6.32%
Federal Sources	244,143.	233,267.	3.56%	(10,876.)	(4.66%)
<b>Total</b>	<b>\$ 6,243,632.</b>	<b>\$ 6,544,295.</b>	<b>100.00%</b>	<b>\$ 300,663.</b>	<b>4.59%</b>

The following schedule presents a summary of general fund, special revenue and debt service fund expenditures for the fiscal year ended June 30, 2018 and the percentage of increases and decreases in relation to prior year amounts.

<b>Expenditures</b>	Prior Year Amount	Amount	Percent of Total	Increase/ (Decrease) for June 30, 2018	Percent of Increase/ (Decrease)
Current Expense:					
Instruction	\$ 2,182,788.	\$ 2,327,791.	37.05%	\$ 145,003.	6.23%
Undistributed Expense	3,934,976.	3,765,216.	59.93%	(169,760.)	(4.51%)
Capital Outlay	52,244.	53,749.	0.86%	1,505.	2.80%
Debt Service	135,682.	135,682.	2.16%	0.	0.00%
Total	<u>\$ 6,305,690.</u>	<u>\$ 6,282,438.</u>	<u>100.00%</u>	<u>\$ (23,252.)</u>	<u>(0.37%)</u>

#### 7. DEBT ADMINISTRATION:

At June 30, 2018 the District's outstanding debt issues included \$890,000 School Refunding Bonds used to pay off school serial bonds and \$37,481 in Capital Leases.

#### 8. CASH MANAGEMENT:

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

#### 9. RISK MANAGEMENT:

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

10. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Triantos and Delp, CPA, LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 and NJ Treasury Circular OMB 15-08. The auditor’s report on the general purpose financial statements and combining and individual fund statements and schedules 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.

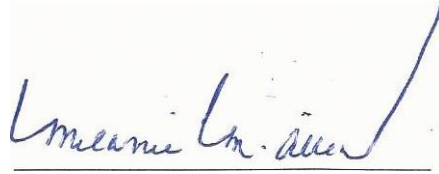
11. ACKNOWLEDGEMENTS:

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

Respectfully submitted,



Mary Steinhauer-Kula  
Chief School Administrator



Melanie M. Allen  
Business Administrator/Board Secretary

**DEERFIELD TOWNSHIP BOARD OF EDUCATION**

**ROSENHAYN, NEW JERSEY**

**ROSTER OF OFFICIALS  
June 30, 2018**

**Members of the Board of Education**

**Term Expires**

Cindy Streater, President	2019
Joan Pierce, Vice President	2019
Keith Lauermann	2018
Rosa McConner-Carr	2020
John Schwab	2018
Jason Scythes	2018
Vacant	2019

**Other Officials**

Mary Steinhauer-Kula, Chief School Administrator

Melanie M. Allen, Business Administrator/Board Secretary

Janet Coleman, Treasurer

Mark G. Toscano, Solicitor

**DEERFIELD TOWNSHIP BOARD OF EDUCATION**

**Consultants and Advisors**

**Audit Firm**

**Triantos and Delp, CPAs, LLC  
645 South Main Road  
Vineland, NJ 08360**

**Attorney**

**Mark G. Toscano, Esquire  
Comegno Law Group, P.C.  
521 Pleasant Valley Avenue  
Moorestown, NJ 08057**

**Architect**

**Garrison Architects  
130 Presidential Boulevard  
Bala Cynwyd, PA 19004**

**Official Depository**

**Fulton Bank of New Jersey  
755 Morton Avenue  
Bridgeton, NJ 08302**

**Insurance Agent**

**Conner, Strong and Buckelew  
40 Lake Center Executive Park  
401 Rt. 73 North, Suite 300  
Marlton, NJ 08053**

**ORGANIZATION CHART  
FOR  
DEERFIELD TOWNSHIP BOARD OF EDUCATION**

**BOARD OF EDUCATION**

**CHIEF SCHOOL  
ADMINISTRATOR**

**BUSINESS  
ADMINISTRATOR/  
BOARD SECRETARY**

**ASSISTANT  
PRINCIPAL/  
CHILD STUDY  
TEAM DIRECTOR**

**BUILDING AND  
GROUNDS**

**CHILD STUDY  
TEAM**

**FINANCE**

**TECHNOLOGY**

**TEACHERS**

**SUPPORT STAFF**

**TRANSPORTATION**

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Deerfield Township School District in the County of Cumberland, in the State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board of Education'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

(Continued)

**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 Deerfield Township Board of Education in the County of Cumberland, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is 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, Schedules Related to Accounting and Reporting for Pension, Schedule Relating to Accounting and Reporting for Other Post Employment Benefits, and Notes to the Required Supplemental Information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 response 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 Deerfield Township Board of Education's basic financial statements. The accompanying schedule of expenditures of federal awards 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 schedule of expenditures of state awards as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying introductory information, statistical sections, combining and individual non-major fund financial statements are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

The accompanying combining and individual non-major fund financial statements, schedule of expenditures of federal awards, and schedule of expenditure of state awards 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 and individual non-major fund financial statements, schedule of expenditures of federal awards, and schedule expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory informational and statistical section 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 February 14, 2019 on our consideration of the Deerfield Township Board of Education'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 Deerfield Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,



Samuel A. Delp, Jr.  
Public School Accountant, #745  
Triantos & Delp  
Certified Public Accountants, LLC

February 14, 2019

**REQUIRED SUPPLEMENTARY INFORMATION–PART I**

# **MANAGEMENT'S DECISION AND ANALYSIS**

**DEERFIELD TOWNSHIP BOARD OF EDUCATION**  
**PO BOX 375**  
**ROSENHAYN NJ 08352**

**Mary Steinhauer-Kula**  
**Chief School Administrator**  
**856 451-6610**

**Melanie M. Allen**  
**Business Administrator/Board Secretary**  
**856 451-2804**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Deerfield Township Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**OVERVIEW OF THE 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 *district-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 district-wide statements.
- The *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 of the district operates *like businesses*.
- *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.

Figure A-1  
Major Features of District-Wide and Fund Financial Statements

	<b>District-Wide Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	-Statement of net assets -Statement of activities	-Balance sheet -Statement of revenues, expenditures, and changes in fund balances	-Statement of net assets -Statement of revenues, expenses, and changes in fund net assets -Statement of cash flows	-Statement of fiduciary net assets -Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified Accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities both financial and capital and short-term and long-term	All assets and liabilities both short-term and long-term; DTBOE's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the type of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

### District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by 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 district-wide statements report the District's *net position* and how it has changed. Net position - the difference between the District's assets and deferred outflows and liabilities and deferred inflows – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building and other facilities.

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

- *Governmental activities* - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities* - The District charges fees to help it cover the cost for certain services it provides. The District's food services program is included here.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State Law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like completing approved capital projects) or to show that it is properly using certain revenues (like federal grants).

The District has four kinds of funds:

- *Governmental Fund* - Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences between them).
- *Proprietary funds* - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flow.
- *Internal service funds* (the other kind of proprietary fund) are utilized to report activities that provide supplies and services for the District's other programs and activities and for other Districts.
- *Fiduciary funds* - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

## **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (in thousands)**

### **Net position.**

The District's *combined* net position are \$2,155 on June 30, 2018 (see Table A-1). The majority of the total net assets (97%) are attributed to governmental activities.



	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2017	2018	2017	2018	2017	2018	2017-2018
Current and Noncurrent Assets	\$ 656.	\$ 931.	\$ 63.	\$ 64.	\$ 719.	\$ 995.	38.4%
Capital Assets	3,448.	3,277.	1.	0.	3,449.	3,277.	-5.0%
<b>Total Assets</b>	<b>\$ 4,104.</b>	<b>\$ 4,208.</b>	<b>\$ 64.</b>	<b>\$ 64.</b>	<b>\$ 4,168.</b>	<b>\$ 4,272.</b>	<b>2.5%</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 572.</b>	<b>\$ 507.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 572.</b>	<b>\$ 507.</b>	<b>0.0%</b>
Current Liabilities	\$ 167.	\$ 177.	\$ 0.	\$ 0.	\$ 167.	\$ 177.	6.0%
Noncurrent Liabilities	2,544.	2,163.	0.	0.	2,544.	2,163.	-15.0%
<b>Total Liabilities</b>	<b>\$ 2,711.</b>	<b>\$ 2,340.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 2,711.</b>	<b>\$ 2,340.</b>	<b>-13.7%</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 77.</b>	<b>\$ 284.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 77.</b>	<b>\$ 284.</b>	<b>0.0%</b>
Net Position							
Invested in Capital Assets							
Net of Related Debt	\$ 2,385.	\$ 2,349.	\$ 1.	\$ 0.	\$ 2,386.	\$ 2,349.	-1.6%
Restricted	473.	761.	0.	0.	473.	761.	60.9%
Unrestricted	(970.)	(1,019.)	63.	64.	(907.)	(955.)	5.3%
<b>Total Net Position</b>	<b>\$ 1,888.</b>	<b>\$ 2,091.</b>	<b>\$ 64.</b>	<b>\$ 64.</b>	<b>\$ 1,952.</b>	<b>\$ 2,155.</b>	<b>10.4%</b>

#### Changes in net position in thousands of dollars.

The District's total revenues are \$8,370 for the fiscal period ending June 30, 2018 (see Table A-2). Property taxes and state formula aid accounted for 68% of the District's revenue. 29% is derived from state and federal aid for specific programs, and the remainder, 3% from fees charged for services and miscellaneous resources.

The District's expenses are predominantly related to educating and caring for students 45%. The purely administrative activities of the District accounted for 7% of total costs. Salary increases due to contractual agreements for teachers and other educational staff are included in the instruction-related costs.

#### Governmental Activities

Revenues for the District's governmental activities amounted to \$8,172. Total expenses amounted to \$7,969. The increase in net position in governmental activities was \$203 for 2018.

#### Business-type Activities

The District's business-type activities amounted to \$198 and expenses were \$198. Factors contributing to these results included:

- Food Services: Contracted Service

Table A-2  
Deerfield Township Board of Education's  
Changes in Net Position  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2017	2018	2017	2018	2017	2018	2017-2018
<b>Revenues</b>							
Program Revenues							
Charges for Services	\$ 63.	\$ 65.	\$ 66.	\$ 65.	\$ 129.	\$ 130.	0.8%
Federal & State Categorical Grants	1,679.	2,325.	137.	133.	1,816.	2,458.	35.4%
General Revenues							
Property Taxes	2,701.	2,803.	0.	0.	2,701.	2,803.	3.8%
State Formula Aid	2,836.	2,919.	0.	0.	2,836.	2,919.	2.9%
Other	68.	60.	2.	0.	70.	60.	-14.3%
<b>Total Revenues</b>	<b>\$ 7,347.</b>	<b>\$ 8,172.</b>	<b>\$ 205.</b>	<b>\$ 198.</b>	<b>\$ 7,552.</b>	<b>\$ 8,370.</b>	<b>10.8%</b>
<b>Expenses</b>							
Instruction - Related	\$ 2,279.	\$ 2,424.	\$ 0.	\$ 0.	\$ 2,279.	\$ 2,424.	6.4%
Student Support Services	1,064.	855.	0.	0.	1,064.	855.	-19.6%
Maintenance & Operations	434.	462.	0.	0.	434.	462.	6.5%
Transportation	465.	352.	0.	0.	465.	352.	-24.3%
Administration	483.	502.	0.	0.	483.	502.	3.9%
Other	2,857.	3,374.	210.	198.	3,067.	3,572.	16.5%
<b>Total Expenses</b>	<b>\$ 7,582.</b>	<b>\$ 7,969.</b>	<b>\$ 210.</b>	<b>\$ 198.</b>	<b>\$ 7,792.</b>	<b>\$ 8,167.</b>	<b>4.8%</b>
<b>Increase/ (decrease) in Net Position</b>	<b>\$ (235.)</b>	<b>\$ 203.</b>	<b>\$ (5.)</b>	<b>\$ 0.</b>	<b>\$ (240.)</b>	<b>\$ 203.</b>	<b>-184.6%</b>

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (in thousands)

The strong financial performance of the District as a whole is primarily reflected in its governmental funds. As the district completed the year, its governmental funds reported *combined* balances of \$781. Actual local revenues exceeded the budgeted amounts in 2018.

#### General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were of the following category:

- Transfers between budgetary line accounts to prevent overruns.

The District's final budget anticipated utilizing \$154 in fund balance and \$0 of prior year encumbrances to fund the appropriation plan for this fiscal period. Actual operations resulted in an increase of general fund balance of \$292.

Actual expenditures for capital outlay amounted to \$35 in the Operating Fund and \$0 in the Special Revenue Fund. This amount included the repayment of \$35 of existing capital lease principal payments.

### CAPITAL ASSET AND DEBT ADMINISTRATION (in thousands)

#### Capital Assets

By the end of 2018, the District had invested \$7,386 in a broad range of capital assets, including school buildings, athletic facilities, computer and audiovisual equipment, and administrative offices. (see Table A-3) (more detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation expense for the year was \$172 while building improvements and additions to equipment and furniture amounted to \$0.

Table A-3  
Deerfield Township Board of Education's Capital Assets  
(Net of Depreciation)  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2017	2018	2017	2018	2017	2018	2017-2018
Land	\$ 16.	\$ 16.	\$ 0.	\$ 0.	\$ 16.	\$ 16.	0.0%
Site Improvement	114.	96.	0.	0.	114.	96.	0.0%
Buildings & Improvements	3,290.	3,141.	0.	0.	3,290.	3,141.	-4.5%
Machinery & Equipment	29.	24.	1.	0.	30.	24.	-20.0%
<b>Total</b>	<b>\$ 3,449.</b>	<b>\$ 3,277.</b>	<b>\$ 1.</b>	<b>\$ 0.</b>	<b>\$ 3,450.</b>	<b>\$ 3,277.</b>	<b>-5.0%</b>

### Long-term Debt

At year end, the District had outstanding bonds in the amount of \$890 and capital leases payable of \$37. (More detailed information about long-term debt can be found in Note 7 to the financial statements.)

The state limits the amount of general obligation debt the District can issue to 3 percent of the equalized valuation of all taxable property held within the District. The current limit is \$5,841 of which \$4,951 is available for the issuance of debt.

### FACTORS BEARING ON THE DISTRICT'S FUTURE

For the past several years, the district has experienced an increase in the number of students participating in the School Choice program at neighboring school districts. Such participation continues to negatively impact the district's total enrollment. Conversely, total enrollment has been positively impacted by the creation of a second full-day preschool classroom which enables the preschool program to support both regular education and special education students.

As the cost of salaries and medical benefits continue to rise, developing a budget that balances all of the district's needs (providing updated and rigorous curriculum and instruction, maintaining extra- and co-curricular opportunities, infusing the latest technology tools into classrooms, adequately addressing maintenance requirements, providing adequate levels of staffing in all areas of operation, etc.) without significant increases in state and local financial support becomes more and more challenging.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 the District's Business Administrator at 419 Morton Avenue, Rosenhayn, NJ 08352.

## **BASIC FINANCIAL STATEMENTS**

**The basic financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of all funds as of June 30, 2018.**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 519,013.	\$ 51,399.	\$ 570,412.
Receivables, Net	411,518.	9,365.	420,883.
Inventory	0.	3,091.	3,091.
Capital Assets, Net	3,276,756.	0.	3,276,756.
Total Assets	<u>4,207,287.</u>	<u>63,855.</u>	<u>4,271,142.</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
	<u>507,366.</u>	<u>0.</u>	<u>507,366.</u>
<b>LIABILITIES:</b>			
Accounts Payable	122,045.	0.	122,045.
Pension Account Payable	47,727.	0.	47,727.
Payable to State Government	785.	0.	785.
Unearned Revenue	1,832.	0.	1,832.
Accrued Interest	2,849.	0.	2,849.
Noncurrent Liabilities			
Due within One Year	132,481.	0.	132,481.
Due in More than One Year	897,290.	0.	897,290.
Net Pension Liability	1,134,328.	0.	1,134,328.
Total Liabilities	<u>2,339,337.</u>	<u>0.</u>	<u>2,339,337.</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
	<u>284,003.</u>	<u>0.</u>	<u>284,003.</u>
<b>NET POSITION:</b>			
Invested in Capital Assets, net of related debt	2,349,275.	0.	2,349,275.
Restricted for:			
Capital Projects	110,056.	0.	110,056.
Other Purposes.	651,248.	0.	651,248.
Unrestricted	(1,019,266.)	63,855.	(955,411.)
Total Net Position	<u>\$ 2,091,313.</u>	<u>\$ 63,855.</u>	<u>\$ 2,155,168.</u>

See Accompanying Notes to Basic Financial Statements

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 1,705,944.	\$ 0.	\$ 0.	\$ (1,705,944.)	\$ 0.	\$ (1,705,944.)
Special education	658,585.	0.	0.	(658,585.)	0.	(658,585.)
Other special instruction	42,188.	0.	0.	(42,188.)	0.	(42,188.)
Other instruction	17,248.	0.	0.	(17,248.)	0.	(17,248.)
Support services:						
Tuition	158,492.	0.	0.	(158,492.)	0.	(158,492.)
Student & instruction related services	697,142.	0.	0.	(697,142.)	0.	(697,142.)
School administrative services	83,779.	0.	0.	(83,779.)	0.	(83,779.)
General and business administrative services	260,386.	0.	0.	(260,386.)	0.	(260,386.)
Central services	157,532.	0.	0.	(157,532.)	0.	(157,532.)
Plant operations and maintenance	462,458.	0.	0.	(462,458.)	0.	(462,458.)
Pupil transportation	351,772.	0.	0.	(351,772.)	0.	(351,772.)
Employee benefits	3,235,995.	0.	2,325,074.	(910,921.)	0.	(910,921.)
Interest on long-term debt	35,432.	0.	0.	(35,432.)	0.	(35,432.)
State debt service assessment	17,839.	0.	0.	(17,839.)	0.	(17,839.)
Internal service fund	55,178.	64,669.	0.	9,491.	0.	9,491.
Unallocated depreciation	5,152.	0.	0.	(5,152.)	0.	(5,152.)
Transfer to charter school	24,322.	0.	0.	(24,322.)	0.	(24,322.)
Total governmental activities	7,969,444.	64,669.	2,325,074.	(5,579,701.)	0.	(5,579,701.)
Business-type activities:						
Food Service	197,747.	64,804.	133,097.	0.	154.	154.
Total business-type activities	197,747.	64,804.	133,097.	0.	154.	154.
Total primary government	\$ 8,167,191.	\$ 129,473.	\$ 2,458,171.	\$ (5,579,701.)	\$ 154.	\$ (5,579,547.)
General revenues:						
Taxes:						
Property taxes, levied for general purposes.net				\$ 2,667,712.	\$ 0.	\$ 2,667,712.
Taxes levied for debt service				135,681.	0.	135,681.
Federal and State aid not restricted				2,570,349.	0.	2,570,349.
Federal and State aid restricted				349,335.	0.	349,335.
Tuition received				43,816.	0.	43,816.
Investment Earnings				12,825.	0.	12,825.
Miscellaneous income				3,483.	0.	3,483.
Total general revenues, special items, extraordinary items and transfers				5,783,201.	0.	5,783,201.
Change in Net Position				203,500.	154.	203,654.
Net Position—beginning				1,887,813.	63,701.	1,951,514.
Net Position—ending				\$ 2,091,313.	\$ 63,855.	\$ 2,155,168.

See Accompanying Notes to the Basic Financial Statements

## **FUND FINANCIAL STATEMENTS**



## **GOVERNMENTAL FUNDS**

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 780,932.	\$ (222,438.)	\$ 0.	\$ 0.	\$ 0.	\$ 558,494.
Due from other funds	31,436.	0.	0.	0.	0.	31,436.
Receivables from other governments	72,367.	234,311.	0.	0.	0.	306,678.
Other	8,735.	0.	0.	0.	0.	8,735.
<b>Total assets</b>	<b>\$ 893,470.</b>	<b>\$ 11,873.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 905,343.</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 99,857.	\$ 22,188.	\$ 0.	\$ 0.	\$ 0.	\$ 122,045.
Unearned revenue	0.	1,045.	0.	0.	0.	1,045.
Payable to federal government	0.	785.	0.	0.	0.	785.
<b>Total liabilities</b>	<b>99,857.</b>	<b>24,018.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>123,875.</b>
<b>Fund Balances:</b>						
<b>Restricted for:</b>						
Excess surplus - current year	220,423.	0.	0.	0.	0.	220,423.
Excess surplus - designated for subsequent year's expenditures	73,293.	0.	0.	0.	0.	73,293.
Maintenance reserve	335,789.	0.	0.	0.	0.	335,789.
Capital reserve	110,056.	0.	0.	0.	0.	110,056.
<b>Committed to:</b>						
Other purposes	1,553.	0.	0.	0.	0.	1,553.
<b>Assigned to:</b>						
Debt service	0.	0.	0.	0.	0.	0.
Designated by BOE for subsequent year's expenditures	20,190.	0.	0.	0.	0.	20,190.
<b>Unassigned:</b>						
General fund	32,309.	0.	0.	0.	0.	32,309.
Special revenue fund	0.	(12,145.)	0.	0.	0.	(12,145.)
<b>Total fund balances</b>	<b>793,613.</b>	<b>(12,145.)</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>781,468.</b>
<b>Total liabilities and fund balances</b>	<b>\$ 893,470.</b>	<b>\$ 11,873.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>0.</b>

Amounts reported for *governmental activities* in the statement of net assets (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 \$7,385,744 and the accumulated depreciation is \$4,108,988 (See Note 5).	\$ 3,276,756.
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 (see Note 7).	(1,032,620.)
Internal service fund net assets	24,401.
<b>Pension related items:</b>	
Deferred outflow of resources	\$ 507,366.
Deferred inflow of resources	(284,003.)
Pension account payable	(47,727.)
Net pension liability	(1,134,328.)
<b>Total pension related items</b>	<b>(958,692.)</b>
<b>Net assets of governmental activities</b>	<b>\$ 2,091,313.</b>

See Accompanying Note to the Basic Financial Statements

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
<b>REVENUES:</b>						
Local sources:						
Local tax levy	\$ 2,667,712.	\$ 0.	\$ 0.	\$ 135,681.	\$ 0.	\$ 2,803,393.
Tuition charges	43,816.	0.	0.	0.	0.	43,816.
Interest earned	12,825.	0.	0.	0.	0.	12,825.
Miscellaneous	605.	2,878.	0.	0.	0.	3,483.
Total local sources	2,724,958.	2,878.	0.	135,681.	0.	2,863,517.
State sources	3,331,443.	116,068.	0.	0.	0.	3,447,511.
Federal sources	0.	233,267.	0.	0.	0.	233,267.
Total revenues	6,056,401.	352,213.	0.	135,681.	0.	6,544,295.
<b>EXPENDITURES:</b>						
Current:						
Regular instruction	1,628,661.	0.	0.	0.	0.	1,628,661.
Special education instruction	442,656.	198,755.	0.	0.	0.	641,411.
Other special instruction	42,188.	0.	0.	0.	0.	42,188.
Other instruction	15,531.	0.	0.	0.	0.	15,531.
Support services:						
Tuition	68,140.	90,352.	0.	0.	0.	158,492.
Student & instruction related services	658,754.	17,779.	0.	0.	0.	676,533.
Other administrative services	250,082.	0.	0.	0.	0.	250,082.
School administrative services	80,344.	0.	0.	0.	0.	80,344.
Central services	157,532.	0.	0.	0.	0.	157,532.
Plant operations and maintenance	438,414.	0.	0.	0.	0.	438,414.
Pupil transportation	339,750.	0.	0.	0.	0.	339,750.
Employee benefits	1,587,990.	51,757.	0.	0.	0.	1,639,747.
Transfer to charter school	24,322.	0.	0.	0.	0.	24,322.
Debt service:						
Principal	0.	0.	0.	100,000.	0.	100,000.
Interest and other charges	0.	0.	0.	35,682.	0.	35,682.
Capital outlay	53,749.	0.	0.	0.	0.	53,749.
Total expenditures	5,788,113.	358,643.	0.	135,682.	0.	6,282,438.
Excess (deficiency) of revenues over expenditures	268,288.	(6,430.)	0.	(1.)	0.	261,857.
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	5,000.	0.	0.	0.	0.	5,000.
Total other financing sources and uses	5,000.	0.	0.	0.	0.	5,000.
Net change in fund balances	273,288.	(6,430.)	0.	(1.)	0.	266,857.
Fund balance - July 1	520,325.	(5,715.)	0.	1.	0.	514,611.
Fund balance - June 30	\$ 793,613.	\$ (12,145.)	\$ 0.	\$ 0.	\$ 0.	\$ 781,468.

See Accompanying Notes to the Basic Financial Statements

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 YEAR ENDED JUNE 30, 2018

Total net changes in fund balances - governmental funds (from B-2)		\$ 266,857.
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<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	\$ (171,740.)
	Capital outlays	<u>0.</u>
		(171,740.)
Retirement to fixed assets		
Net increase/(decrease) in internal service fund		4,491.
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.</p>		
	Proceeds of long-term debt	0.
	Capital lease proceeds	0.
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		100,000.
Bond issue costs are reported in the governmental fund as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.		0.
Payment of accrued interest on long-term debt is an expenditure in the governmental funds, but the payment reduces the liability in the statement of net assets and is not reported in the statement of activities.		250.
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is reported in the statement of activities.		35,910.
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 (+).		(15,817.)
GASB 68 adjustment to pension expense		(718,752.)
GASB 68 adjustment to on-behalf pension contribution		<u>702,301.</u>
Change in net assets of governmental activities		<u>\$ 203,500.</u>

See Accompanying Notes to the Basic Financial Statements

## **PROPRIETARY FUNDS**

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2018

	<u>Business-Type Activities Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$ 51,399.	\$ (39,481.)
Accounts receivable:		
State	157.	0.
Federal	9,208.	0.
Other	0.	64,669.
Inventories	3,091.	0.
Total current assets	<u>63,855.</u>	<u>25,188.</u>
Noncurrent assets:		
Furniture, machinery & equipment	165,996.	0.
Less accumulated depreciation	<u>(165,996.)</u>	<u>0.</u>
Total noncurrent assets	<u>0.</u>	<u>0.</u>
Total assets	<u>\$ 63,855.</u>	<u>\$ 25,188.</u>
DEFERRED OUTFLOW OF RESOURCES:	<u>\$ 0.</u>	<u>\$ 0.</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Unearned revenue	<u>0.</u>	<u>787.</u>
Total current liabilities	<u>0.</u>	<u>787.</u>
Total liabilities	<u>0.</u>	<u>787.</u>
DEFERRED INFLOW OF RESOURCES:	<u>\$ 0.</u>	<u>\$ 0.</u>
<b>NET POSITION:</b>		
Invested in capital assets net of related debt	0.	0.
Unrestricted	63,855.	24,401.
Total net position	<u>\$ 63,855.</u>	<u>\$ 24,401.</u>

See Accompanying Notes to the Basic Financial Statements

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2018

	Business-Type Activities Enterprise Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Changes for services:		
Daily sales-reimbursable programs	\$ 39,298.	\$ 0.
Charges and fees	0.	64,669.
Daily sales- non-reimbursable programs	25,506.	0.
Total operating revenues	<u>64,804.</u>	<u>64,669.</u>
Operating expenses		
Cost of sales - Reimbursable	71,380.	0.
Cost of sales - Non-reimbursable	9,564.	0.
Salaries	63,488.	49,034.
Employee benefits	6,176.	0.
Management fees	17,665.	0.
Supplies and materials	20,523.	2,178.
Repair and maintenance	1,892.	2,230.
Purchased services	5,396.	1,536.
Depreciation	572.	0.
Miscellaneous	1,091.	200.
Total operating expenses	<u>197,747.</u>	<u>55,178.</u>
Operating income/(loss)	<u>(132,943.)</u>	<u>9,491.</u>
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	2,130.	0.
Federal sources:		
National school breakfast program	27,267.	0.
National school lunch program	88,968.	0.
Food distribution program	14,732.	0.
Total nonoperation revenues (expenses)	<u>133,097.</u>	<u>0.</u>
Income (loss) before contribution & transfers	154.	9,491.
Other Sources/(Uses) of Funds:		
Transfer in (out)	0.	(5,000.)
Change in net position	154.	4,491.
Total net position - beginning	<u>63,701.</u>	<u>19,910.</u>
Total net position - ending	<u>\$ 63,855.</u>	<u>\$ 24,401.</u>

See Accompanying Notes to the Basic Financial Statements

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR YEAR ENDED JUNE 30, 2018

	Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACCT.</b>		
Receipts from customers	\$ 64,803.	\$ 0.
Payments to employees	(10,593.)	(49,034.)
Payments to suppliers	(170,491.)	(6,144.)
Net cash provided by (used for) operating account	<u>(116,281.)</u>	<u>(55,178.)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash received from state and federal reimbursements	141,535.	0.
Transfer to other funds	0.	(5,000.)
Net cash provided by (used for) non-capital financing activities	<u>141,535.</u>	<u>(5,000.)</u>
Net increase/(decrease) in cash & cash equivalents	25,254.	(60,178.)
Balances - beginning of year	26,145.	20,697.
Balances - end of year	<u>\$ 51,399.</u>	<u>\$ (39,481.)</u>
Reconciliation of operating income (loss)		
to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (132,943.)	\$ 9,491.
Adjust to reconcile operating income		
(loss) to net cash provided by (used for) operating activities		
Depreciation expense	572.	0.
Federal commodities	14,732.	0.
Increase in inventory	1,358.	0.
Increase in accounts receivable	0.	(64,669.)
Total adjustments	<u>16,662.</u>	<u>(64,669.)</u>
Net cash provided by (used for) oper activities	<u>\$ (116,281.)</u>	<u>\$ (55,178.)</u>

See Accompanying Notes to the Basic Financial Statements



## **FIDUCIARY FUNDS**

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2018

	Expendable Trust Scholarship	AFLAC Section 125	Student Activity	Payroll/ Agency Fund
<b>ASSETS:</b>				
Cash & Cash Equivalents	\$ 66.	\$ 5,595.	\$ 23,796.	\$ 37,412.
Interfund Receivable	0.	0.	351.	0.
<b>Total Assets</b>	<b>\$ 66.</b>	<b>\$ 5,595.</b>	<b>\$ 24,147.</b>	<b>\$ 37,412.</b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>
<b>LIABILITIES:</b>				
Due to Student Groups	\$ 0.	\$ 0.	\$ 24,147.	\$ 0.
Interfund Payable	0.	0.	0.	31,787.
Due to Employees	0.	0.	0.	140.
Due to Payroll Withholding	0.	0.	0.	5,485.
<b>Total Liabilities</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 24,147.</b>	<b>\$ 37,412.</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>
<b>NET ASSETS:</b>				
Reserved	\$ 66.	\$ 5,595.		

See Accompanying Notes to the Basic Financial Statements

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR FISCAL YEAR ENDED JUNE 30, 2018

	Expendable Scholarship Trust	AFLAC Section 125
ADDITIONS:		
Contributions:		
Plan Contribution	\$ 0.	\$ 7,750.
Net Investment Earnings	0.	7,750.
Total Additions	0.	7,750.
DEDUCTIONS:		
Claims	0.	7,810.
Scholarship Awarded	0.	0.
Total Deductions	0.	7,810.
Change in Net Position	0.	(60.)
NET POSITION - BEGINNING OF THE YEAR	66.	5,655.
NET POSITION - END OF THE YEAR	\$ 66.	\$ 5,595.

See Accompanying Notes to the Basic Financial Statements

## **NOTES TO FINANCIAL STATEMENTS**

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Deerfield Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A chief school administrator is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Deerfield Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

**A. Reporting Entity**

The Deerfield Township 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 is comprised of seven (7) members elected to three (3) year terms. The purpose of the district is to educate students in grades K-8. The Deerfield Township School District had an enrollment at June 30, 2018 of 335 students.

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

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

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

**B. Basic Financial Statements – Governmental Wide Financial Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service and SACC programs are classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities column (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Program revenue include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenue, are presented as general revenues of the school district.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, federal and state aid, interest income, etc.).

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**B. Basic Financial Statements – Governmental Wide Financial Statements** – (Continued)

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

**C. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by a category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

- a. General Fund: The general fund is the general operating fund of the 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 which are classified in the Capital Outlay sub-fund.

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

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

- b. Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.
- d. Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction, and improvement programs.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**C. Basic Financial Statements – Fund Financial Statements** – (Continued)

Fund Balances – Governmental Funds

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

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted or unrestricted fund balance is available, the District considers restricted funds to be spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balance are available, the District considers amounts to have been spent first out of committed, then assigned funds and finally unassigned funds as needed.

2. Proprietary Funds:

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

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users of goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for the students of the district. The District also operates a school-aged child care (SACC) program.
- b. Internal Service Funds are used to charge costs for certain activities to individual funds or other governmental entities. The District's internal service fund comprised of the Child Study Team.

3. Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and is reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.), and cannot be used to address activities or obligations of the government, these funds are not incorporated into the entity-wide statements.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**C. Basic Financial Statements – Fund Financial Statements** – (Continued)

All fund internal activity is eliminated when carried to the Government-wide statements.

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**E. Financial Statement Amounts**

1. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. 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. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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

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

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is transferred to the general or debt service fund.



**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**E. Financial Statement Amounts** – (Continued)

3. Inventories:

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

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

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extended the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues are reported as reductions to expenses in the statement of activities.

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs other than those reported in the enterprise fund are reported in the period when inventory items are purchased, rather than in the period used.

7. Compensated Absences:

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**E. Financial Statement Amounts** – (Continued)

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. Budgets/Budgetary Control:

Annual appropriation budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

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

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

10. Tuition Receivables:

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

11. Tuition Payable:

Tuition charges for the fiscal years 2017/18 were based on rates established by the receiving district. These rates are subjected to change when the actual costs have been determined.

12. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**E. Financial Statement Amounts** – (Continued)

13. Allocation of Costs:

In the government-wide statement of activities, the District has not allocated unallocated benefits to various programs.

14. 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 Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and PERS. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

**F. New Accounting Standards**

The district adopted the following GASB statements:

- *GASB 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. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75, will impact the financial statements of the School District.
- *GASB No. 85 – Omnibus 2017:* The objective of the Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 85, will impact the financial statements of the School District.
- *GASB No. 86 – Certain Debt Extinguishment Issues:* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 86, did not impact the financial statements of the School District.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- *GASB No. 83 – Certain Asset Retirement Obligations:* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**F. New Accounting Standards** – (Continued)

- GASB No. 84 – *Fiduciary Activities*: The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefits arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District’s financial statements.
  
- GASB No. 87 – *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government’s leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginnings after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District’s financial statements.

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

Investments are stated at cost, or amortized cost, which approximates market. The Board classifies U.S. Treasury with Agency obligations and certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments 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 in which they may invest. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts as follows:

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

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2018, the District had no funds on deposit with the New Jersey Cash Management.

**Deposits:**

N.J.S.A. 17:9-41, et seq, establish requirements for the security of deposits of governmental units. The statutes require that school districts deposit public funds in public depositories secured in accordance with the Governmental Unit Deposit Protection Act, which is a multiple financial institution collateral pool enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

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.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS** (Continued)

Deposits: (Continued)

All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds on deposit, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to Governmental Units.

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

The school district has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the Governmental Unit Deposit Protection Act and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of June 30, 2018, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking account	\$ 637,283.
TOTAL	\$ 637,283.

Custodial Credit Risk:

Custodial credit presents a risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41 et seq. that the School District deposit all public funds in public depositories protected from loss under the provisions of GUDPA Act as previously described.

The District does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2018, the District's bank balance of \$934,186 was insured or collateralized as follows:

Insured by Depository Insurance	\$ 250,066.
Collateralized under GUDPA	684,120.
TOTAL	\$ 934,186.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

**NOTE 3 - CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by New Jersey school districts for the accumulation of funds for capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Post-April, 2005 transfers must be in compliance with P.L.2005, C73(S1701). Pursuant to N.J.A.C. 6A:23A-14.1(g) the balance in the account cannot at any time exceed the local support cost of uncompleted capital projects of \$778,082 as shown in the approved LRFP.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 - CAPITAL RESERVE ACCOUNT** (Continued)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 109,509.
Interest earnings	547.
Deposits	
Approved in 2017/2018 Budget	0.
Board Resolution	0.
Withdrawals	
Board Resolution	0.
Ending balance, June 30, 2018	\$ 110,056.

**NOTE 4 - MAINTENANCE RESERVE**

The Maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.* 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701). Districts may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (*N.J.A.C.* 6A:23-2.14) or by transfer by board resolution at year end of any anticipated revenue or unexpended line item appropriations, or both.

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 year is as follows:

Beginning Balance July 1, 2017	\$ 154,099.
Deposits – Board Resolution	200,000.
Withdrawals – 2017/18 Budget	(18,310.)
Ending balance June 30, 2018	\$ 335,789.

The June 30, 2018 maximum maintenance reserve amount is \$354,274.

**NOTE 5 - FIXED ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets that are not Being Depreciated:					
Land	\$ 15,698.	\$ 0.	\$ 0.	\$ 0.	\$ 15,698.
Construction in progress	0.	0.	0.	0.	0.
Total Capital Assets not being Depreciated	15,698.	0.	0.	0.	15,698.
Bldg. & Bldg. Improvements	6,346,193.	0.	0.	0.	6,346,193.
Site Improvements	287,274.	0.	0.	0.	287,274.
Machinery & Equipment	736,579.	0.	0.	0.	736,579.
Totals at Historical Cost	7,370,046.	0.	0.	0.	7,370,046.
Less: Accum Deprec for:					
Bldg. & Bldg. Improvements	(3,056,402.)	(148,907.)	0.	0.	(3,205,309.)
Site Improvements	(173,094.)	(17,531.)	0.	0.	(190,625.)
Machinery & Equipment	(707,752.)	(5,302.)	0.	0.	(713,054.)
Total Accum Depreciation	(3,937,248.)	(171,740.)	0.	0.	(4,108,988.)
Total Capital Assets being depreciated net of Accum Depreciation	3,432,798.	(171,740.)	0.	0.	3,261,058.
<b>Government Activities Capital Assets, net</b>	\$ 3,448,496.	\$ (171,740.)	\$ 0.	\$ 0.	\$ 3,276,756.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 - FIXED ASSETS** (Continued)

<b>Business-type Activities:</b>					
Equipment	\$ 165,996.	\$ 0.	\$ 0.	\$ 0.	\$165,996.
Less Accum Dep for:					
Equipment	(165,424.)	(572.)	0.	0.	(165,996.)
<b>Business-type Activities</b>	<hr/>				
<b>Capital Assets, net</b>	\$ 572.	\$ (572.)	\$ 0.	\$ 0.	\$ 0.

**\*Depreciation Expense was Charged to Governmental Functions as Follows:**

Instruction:	
Regular	\$ (77,283.)
Special Education	(17,174.)
Other Instruction	(1,717)
Support Services:	
Instruction	(3,435.)
Student & Instruction Related Services	(17,174.)
School Administration	(3,435.)
General and Business Administrative Services	(10,304.)
Plant Operations and Maintenance	(24,044.)
Pupil Transportation	(12,022.)
Unallocated Depreciation	(5,152.)
Total Depreciation Expense	<u>\$ (171,740.)</u>

**NOTE 6 – OPERATING LEASES**

The District has a commitment for copiers under an operating lease. The lease is for a term of 60 months. Total operating lease payments made during the year ended June 30, 2018 were \$20,340. Future minimum lease payments are as follows:

Year	Amount
June 30, 2019	\$20,340.
June 30, 2020	20,340.
June 30, 2021	18,040.
June 30, 2022	545.
TOTAL	<u>\$ 59,265.</u>

**NOTE 7 - GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the general long-term debt account group:

Type of Debt	Balance at 6/30/17	Issued	Retired	Balance at 6/30/18	Amounts Due Within 1 Year
Bonds payable	\$ 990,000.	\$ 0.	\$ (100,000.)	\$ 890,000.	\$ 95,000.
Capital Leases Payable	73,391.	0.	(35,910.)	37,481.	37,481.
Comp. absences payable	86,473.	15,817.	0.	102,290.	0.
Accrued interest	3,099.	0.	(250.)	2,849.	2,849.
Total	<u>\$ 1,152,963.</u>	<u>\$ 15,817.</u>	<u>\$ (136,160.)</u>	<u>\$ 1,032,620.</u>	<u>\$ 135,330.</u>

A. Bonds Payable:

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

On March 30, 2011, the District issued School Refunding Bonds in the amount of \$1,460,000 in order to refund all or a portion of the outstanding callable school bonds of the Board of Education originally issued in the principal amount of \$1,788,000 and dated December 1, 2001. The 2001 bonds are redeemable at the option of the Board of Education in whole or in part with a 30-day notice of redemption at a price of 100% of the principal amount thereof.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 7 - GENERAL LONG-TERM DEBT** (Continued)

A. Bonds Payable: (Continued)

The \$1,460,000. Refunding Bonds, included issuance costs of \$47,500. \$1,416,930 was used to retire bonds from the 2001 issue and \$11,127 was returned to the District. The gross debt service savings to the District is \$76,216 and the economic benefit to the District is estimated to be \$67,146. The 2011 Refunding Bonds, 2011 Series are payable in annual installments through 2017 with the final two (2) principal payments due in 2021 and 2026. The Bonds maturing on December 1, 2021 and December 1, 2026 shall be subject to mandatory sinking fund redemption by lot, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date on December 1 in each year.

The following is a schedule of the future bond principal and interest payments due as of June 30, 2018:

Year Ending <u>June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 95,000.	\$ 32,519.	\$ 127,519.
2020	105,000.	29,019.	134,019.
2021	105,000.	25,344.	130,344.
2022	100,000.	21,756.	121,756.
2023	100,000.	17,944.	117,944.
2024-2027	385,000.	30,835.	415,835.
<b>TOTAL</b>	<b>\$ 890,000.</b>	<b>\$ 157,417.</b>	<b>\$ 1,047,417.</b>

B. Capital Leases Payable:

During 2008-2009 the District entered into a capital lease agreement to finance an upgrade to the heating and ventilation system. The capital lease amount is \$308,140. Terms of the capital lease call for 10 annual payments of \$39,121 to be paid on September 1 of each year starting September 1, 2009 and ending September 1, 2018.

The following is a schedule of the future minimum lease payments under these leases, and the present value of the minimum lease payments at June 30, 2018.

Year Ending <u>June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 37,481.	\$ 1,640.	\$ 39,121.
<b>TOTAL</b>	<b>\$ 37,481.</b>	<b>\$ 1,640.</b>	<b>\$ 39,121.</b>

**NOTE 8 – PENSION PLANS**

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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



**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8 – PENSION PLANS** – (Continued)

A. Public Employees’ Retirement System (PERS) – (Continued)

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

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2018, the School District reported a liability of \$1,134,328 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The School District’s proportion of the net pension liability was based on the School District’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2017. The School District’s proportion measured as of June 30, 2017, was .0048728769%, which was a increase of .0342589474% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$61,593 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 26,710.	\$ 0.
Changes of assumptions	228,528.	227,690.
Net difference between projected and actual earnings on pension plan investments	7,724.	0.
Changes in proportion and difference between School District contributions and proportionate share of contributions	151,535.	56,313.
School District contributions subsequent to the measurement date	92,869.	0.
Total	\$ 507,366.	\$ 284,003.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8 – PENSION PLANS** – (Continued)

A. Public Employees’ Retirement System (PERS) – (Continued)

\$92,869 was reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended 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:

Year ended June 30,	
2019	\$ 98,794.
2020	149,083.
2021	90,336.
2022	(120,148.)
2023	(87,572.)
Total	<u>\$ 130,493.</u>

*Actuarial Assumptions*

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

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

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2017 are summarized in the following table:

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8 – PENSION PLANS** – (Continued)

A. Public Employees’ Retirement System (PERS) – (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

*Discount Rate*

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the School District’s proportionate share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the School District’s proportionate share of the net pension liability as of June 30, 2017, calculated using the discount rate of 5.00% as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
School District’s proportionate share of the net pension liability	\$ 1,407,210.	\$ 1,134,328.	\$ 906,982.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8 – PENSION PLANS** – (Continued)

A. Public Employees’ Retirement System (PERS) – (Continued)

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>
June 30, 2018	\$ 45,142.	100%
June 30, 2017	41,856.	100%
June 30, 2016	32,727.	100%

B. Teacher’s Pension and Annuity (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

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

Contributions - The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State’s pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State’s pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8 – PENSION PLANS** – (Continued)

B. Teacher’s Pension and Annuity (TPAF) – (Continued)

Pension Liability and Pension Expense - The State’s proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2017 was \$15,189,317. The School District’s proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State’s proportionate share of the net pension liability associated with the District was based on projection of the State’s long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was .0225281882%, which an increase of .1060219416% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized \$1,052,239 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
2012-2021	Varied based on experience
Thereafter	Varied based on experience
Investment rate of return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8 – PENSION PLANS** – (Continued)

B. Teacher’s Pension and Annuity (TPAF) – (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District’s proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District’s annual required contribution. The following represents the State’s proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 4.25% as well as what the State’s proportionate share of the net pension liability, attributable to the School District’s would be if it were calculated using a discount rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease (3.25%)	At current discount rate (4.25%)	At 1% Increase (5.25%)
State of New Jersey’s Proportionate Share of Net Pension Liability associated with School District	\$ 18,111,386.	\$ 15,189,317.	\$ 12,883,425.

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

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8 – PENSION PLANS** – (Continued)

B. Teacher’s Pension and Annuity (TPAF) – (Continued)

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

Year <u>Funding</u>	Pension <u>Contribution</u>	Post-Retirement Medical (PRM) <u>Contribution</u>	Long-Term Disability <u>Insurance</u>	Total <u>Contribution</u>
June 30, 2018	\$ 349,938.	\$ 226,018.	\$ 698.	\$ 576,654.
June 30, 2017	253,398.	211,138.	590.	465,126.
June 30, 2016	163,079.	194,182.	0.	357,261.

During the fiscal years ended June 30, 2018, 2017 and 2016, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$184,440; \$173,159; and \$171,679; during the same fiscal years for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

B. Defined Contribution Plan (DCRP)

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

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees’ Retirement System (PERS) or Teachers’ Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits;
- Employees enrolled in the Police and Firemen’s Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established “maximum compensation” limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.

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

For the year ended June 30, 2018, employee contributions totaled \$7,764, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$4,235.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 9 - POST RETIREMENT BENEFITS**

**General Information about the OPEB Plan**

Plan description and benefits provided

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

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

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

*Employees covered by benefit terms:*

At June 30, 2017, the following employees were covered by the benefits terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

*Total OPEB Liability*

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contribution to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraph 193 and 203 and 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

*Actuarial assumptions and other imputes:*

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate: 2.50%

Discount Rate: The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rate used for the fiscal year ending June 30, 2017 is 3.58%.



**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 9 - POST RETIREMENT BENEFITS** (Continued)

Health Care Trend: For pre-Medicare PPO medical benefits, the initial amount is 5.9% and decreases to 5.0% long term trend rate after 9 years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after 9 years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after 8 years. For Medicare Part-B reimbursement, the trend rate is 5.0%.

Salary Scale: The salary scale assumptions will be consistent with the salary scale assumptions used in the pension plans and the calculation of the retiree health contributions for current and future retirees who are subject to Chapter 78. The PERS and TPAF pension actuarial reports are used for the fiscal year ending June 30, 2018.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based on the following:

Pre-retirement Healthy Mortality: RP-2014 headcount-weighted healthy employee male/female mortality table with fully generational mortality improvement projections from the central year using scale MP-2017.

Post-retirement Healthy Mortality: RP-2014 headcount-weighted healthy annuitant male/female mortality table with fully generational improvement projections from the central year using scale MP-2017.

Disabled Mortality: RP-2014 headcount-weighted disabled male/female mortality table with fully generational improvement projections from the central year using scale MP-2017

*Changes in the Total OPEB Liability reported by the State of New Jersey:*

Balance at 6/30/16	\$ 57,831,784,184.
Changes for the year:	
Service Cost	2,391,878,884.
Interest	1,699,441,736.
Changes in assumptions or other inputs	(7,086,599,129.)
Contributions: Member	45,748,749.
Benefits payment	(1,242,412,566.)
	(4,191,942,326.)
Net Changes	(4,191,942,326.)
Balance at 6/30/17	\$ 53,639,841,858.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017.

*Sensitivity of the total OPEB liability to changes in the discount rate:*

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

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability (School Retirees)	\$ 63,674,362,200.	\$ 53,639,841,858.	\$ 45,680,364,953.

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

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

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 9 - POST RETIREMENT BENEFITS** (Continued)

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 44,113,584,560.	\$ 53,639,841,858.	\$ 66,290,599,457.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2018, the board of education recognized on-behalf OPEB expense and revenue of \$861,679 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Deerfield Township Board of Education proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0.	\$ 0.
Changes of assumptions	0.	6,343,769,032.
Net difference between projected and actual earnings on pension plan investments	0.	0.
Changes in proportion and difference between District contributions and proportionate share of contributions	0.	0.
Contributions subsequent to the measurement date	1,190,373,242.	0.
Total	\$ 1,190,373,242.	\$ 6,343,769,032.

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

Year ended June 30:	
2019	\$ (742,830,097.)
2020	(742,830,097.)
2021	(742,830,097.)
2022	(742,830,097.)
2023	(742,830,097.)
Thereafter	(2,629,618,547.)
Total	\$ (6,343,769,032.)

(Contributions made after June 30, 2017 are reported as deferred outflow of resources but are not amortized in the expense.)

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

**NOTE 10 - COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Government 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.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 10 - COMPENSATED ABSENCES** (Continued)

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, a liability existed for compensated absences in the Food Service Fund in the amount of \$0.

**NOTE 11 - DEFERRED COMPENSATION**

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

Lincoln Investments  
Sircusa Benefits

**NOTE 12 - RISK MANAGEMENT**

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

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

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”.

**NOTE 13 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS**

The following interfund balances remained on the balance sheet at June 30, 2018.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 31,436.	\$ 0.
Fiduciary Fund	0.	31,436.
	<u>\$ 31,436.</u>	<u>\$ 31,436.</u>

The balance owed by the Fiduciary Fund to the General Fund consists of overpayment of employee health insurance waivers from the General Fund to the Payroll and Agency accounts.

The following transfers were made during the fiscal year ending June 30, 2018

	Transfer To	Transfer From
General Fund	\$ 5,000.	\$ 0.
Internal Service Fund	0.	5,000.
Total	<u>\$ 5,000.</u>	<u>\$ 5,000.</u>

The above transfer was approved in the 2017/18 Budget.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 14 - CONTINGENT LIABILITIES**

**GRANT PROGRAM**

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**LITIGATION**

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

**NOTE 15 - TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

**NOTE 16 - CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund 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, 2018 is \$293,716.

**NOTE 17 - DEFICIT FUND BALANCES**

The District has a deficit fund balances of \$0 in the General Fund and \$(12,145) in the Special Revenue Fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). *N.J.S.A.* 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district can not recognize the June state aid payment(s) on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$(12,145) is equal to (or) is less than the last state aid payments.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 18 - FUND BALANCE**

**NONSPENDABLE**

As stated in Note 1, 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. There are no nonspendable fund balances of the School district as of June 30, 2018.

**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:

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 reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$293,716; \$73,293 has been restricted and designated for utilization in the 2018-2019 budget.

Capital Reserve Account: As of June 30, 2018, the balance in the capital reserve account is \$110,056. These funds are restricted for the future approved capital projects of school facilities.

For Maintenance Reserve Account: As of June 30, 2018, the balance in the maintenance reserve account is \$335,789. These funds are restricted for the required maintenance of school facilities in accordance with Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

**COMMITTED**

As stated in Note 1, 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.

Other Purposes: As of June 30, 2018, the School District had \$1,553 of encumbrances outstanding for purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year.

**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:

For Subsequent Year's Expenditures: The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2019, \$20,190 of General Fund balance at June 30, 2018.

**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, 2018, the unassigned fund balance of the General Fund was \$32,309.

Special Revenue:

As of June 30, 2018, the unassigned fund balance in the Special Revenue fund was \$(12,145).

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 19 - SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2018 through February 14, 2019, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION–PART II**

## **BUDGETARY COMPARISON SCHEDULES**



DEERFIELD TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Local Sources:					
Local Tax Levy	\$ 2,667,712.	\$ 0.	\$ 2,667,712.	\$ 2,667,712.	\$ 0.
Tuition	0.	0.	0.	43,816.	43,816.
Interest Earned	100.	0.	100.	12,825.	12,725.
Miscellaneous	5,000.	0.	5,000.	605.	(4,395.)
<b>Total Local Sources</b>	<b>2,672,812.</b>	<b>0.</b>	<b>2,672,812.</b>	<b>2,724,958.</b>	<b>52,146.</b>
State Sources:					
Equalization Aid	2,232,404.	60,756.	2,293,160.	2,293,160.	0.
Categorical Security Aid	45,634.	0.	45,634.	45,634.	0.
Categorical Transportation Aid	22,206.	0.	22,206.	22,206.	0.
Special Education Aid	194,666.	0.	194,666.	194,666.	0.
PARCC Readiness Aid	3,220.	0.	3,220.	3,220.	0.
Per Pupil Growth Aid	3,220.	0.	3,220.	3,220.	0.
Professional Learning Comm Aid	3,110.	0.	3,110.	3,110.	0.
On Behalf TPAF Pension Contribution (Non-Budgeted)	0.	0.	0.	576,654.	576,654.
On Behalf TPAF Social Security Contribution (Non-Budgeted)	0.	0.	0.	184,440.	184,440.
Extraordinary Aid	0.	0.	0.	19,666.	19,666.
Additional Non-Public Transportation Aid	0.	0.	0.	4,640.	4,640.
<b>Total State Sources</b>	<b>2,504,460.</b>	<b>60,756.</b>	<b>2,565,216.</b>	<b>3,350,616.</b>	<b>785,400.</b>
<b>Total Revenues</b>	<b>5,177,272.</b>	<b>60,756.</b>	<b>5,238,028.</b>	<b>6,075,574.</b>	<b>837,546.</b>

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures:</b>					
<b>Current Expense:</b>					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 116,966.	\$ 28,119.	\$ 145,085.	\$ 126,658.	\$ 18,427.
Kindergarten - Salaries of Teachers	169,151.	217.	169,368.	169,159.	209.
Grades 1 - 5 - Salaries of Teachers	749,175.	130.	749,305.	745,046.	4,259.
Grades 6 - 8 - Salaries of Teachers	466,491.	(9,679.)	456,812.	450,146.	6,666.
Home Instruction:					
Salaries of Teachers	2,000.	1,674.	3,674.	3,674.	0.
Regular programs - Undistributed Instruction:					
Other Salaries for Instruction	2,037.	0.	2,037.	1,948.	89.
Purchased Professional - Educational Services	0.	85.	85.	85.	0.
Other Purchased Services	70,748.	33,278.	104,026.	76,780.	27,246.
General Supplies	75,023.	4,128.	79,151.	53,513.	25,638.
Textbooks	4,410.	(1,879.)	2,531.	1,652.	879.
Total Regular Programs - Instruction	<u>1,656,001.</u>	<u>56,073.</u>	<u>1,712,074.</u>	<u>1,628,661.</u>	<u>83,413.</u>
Resource Room/Resource Center:					
Salaries of Teachers	326,445.	10,080.	336,525.	330,165.	6,360.
Other Salaries for Instruction	132,921.	(17,891.)	115,030.	111,761.	3,269.
General Supplies	2,400.	(1,576.)	824.	730.	94.
Total resource room/resource center	<u>461,766.</u>	<u>(9,387.)</u>	<u>452,379.</u>	<u>442,656.</u>	<u>9,723.</u>
Total Special Education - Instruction	<u>461,766.</u>	<u>(9,387.)</u>	<u>452,379.</u>	<u>442,656.</u>	<u>9,723.</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	24,236.	17,293.	41,529.	41,094.	435.
General Supplies	0.	1,094.	1,094.	1,094.	0.
Total Basic Skills/Remedial - Instruction	<u>24,236.</u>	<u>18,387.</u>	<u>42,623.</u>	<u>42,188.</u>	<u>435.</u>

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	\$ 6,000.	\$ 1,950.	\$ 7,950.	\$ 7,950.	\$ 0.
Total School Sponsored Co-Curricular Activities - Instruction	6,000.	1,950.	7,950.	7,950.	0.
School-Sponsored Athletics - Instruction:					
Salaries	5,400.	900.	6,300.	6,300.	0.
Supplies and Materials	1,145.	136.	1,281.	1,281.	0.
Total School-Sponsored Athletics - Instruction	6,545.	1,036.	7,581.	7,581.	0.
Total Instruction	2,154,548.	68,059.	2,222,607.	2,129,036.	93,571.
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEA's Within the State - Regular	41,713.	(2,850.)	38,863.	6,710.	32,153.
Tuition - Co. Spec. Services and Regional Day Schools	121,260.	5,717.	126,977.	61,430.	65,547.
Total Instruction	162,973.	2,867.	165,840.	68,140.	97,700.
Attendance:					
Salaries	7,229.	0.	7,229.	5,768.	1,461.
Other Purchased Services	7,953.	1,068.	9,021.	6,137.	2,884.
Total Attendance	15,182.	1,068.	16,250.	11,905.	4,345.
Health Services:					
Salaries	100,848.	2,150.	102,998.	101,353.	1,645.
Purchased Professional and Technical Services	1,600.	(1,400.)	200.	166.	34.
Other Purchased Services	500.	(500.)	0.	0.	0.
Supplies and Materials	1,100.	(250.)	850.	757.	93.
Total Health Services	104,048.	0.	104,048.	102,276.	1,772.

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Speech/Occupational/Physical Therapy and Related Services:</b>					
Salaries	\$ 32,970.	\$ (134.)	\$ 32,836.	\$ 32,836.	\$ 0.
Purchased Professional - Educational Services	151,822.	6,679.	158,501.	141,202.	17,299.
Supplies and Materials	1,200.	321.	1,521.	1,514.	7.
<b>Total Other Sup. Services - Students - Related Services</b>	<b>185,992.</b>	<b>6,866.</b>	<b>192,858.</b>	<b>175,552.</b>	<b>17,306.</b>
<b>Guidance:</b>					
Salaries of Other Professional Staff	10,990.	0.	10,990.	10,945.	45.
Other Purchased Professional and Technical Serv.	200.	(199.)	1.	0.	1.
Supplies and Materials	300.	97.	397.	397.	0.
<b>Total Guidance</b>	<b>11,490.</b>	<b>(102.)</b>	<b>11,388.</b>	<b>11,342.</b>	<b>46.</b>
<b>Child Study Team:</b>					
Salaries of Other Professional Staff	121,959.	31,646.	153,605.	138,466.	15,139.
Salaries sec/clerical	23,470.	(571.)	22,899.	22,898.	1.
Purchased Professional - Educational Services	1,000.	1,353.	2,353.	2,353.	0.
Misc. Purchased Services	6,304.	(3,363.)	2,941.	2,938.	3.
Supplies and Materials	3,000.	(1,187.)	1,813.	1,794.	19.
<b>Total Child Study Team</b>	<b>155,733.</b>	<b>27,878.</b>	<b>183,611.</b>	<b>168,449.</b>	<b>15,162.</b>
<b>Improvement of Instruction Services/Other Support:</b>					
Salaries of Other Professional Staff	131,417.	(182.)	131,235.	128,436.	2,799.
Salaries Secretarial and Clerical Assistant	13,582.	0.	13,582.	13,252.	330.
Other Purchased Services	2,900.	(2,900.)	0.	0.	0.
Supplies and Materials	350.	182.	532.	474.	58.
<b>Total Improvement of Instruction Serv/Other Support</b>	<b>148,249.</b>	<b>(2,900.)</b>	<b>145,349.</b>	<b>142,162.</b>	<b>3,187.</b>

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Educational Media Services - School Library:</b>					
Salaries	\$ 45,761.	\$ 0.	\$ 45,761.	\$ 44,729.	\$ 1,032.
Other Purchased Services	250.	0.	250.	0.	250.
Supplies and Materials	1,646.	0.	1,646.	1,107.	539.
<b>Total Educational Media Services - School Library</b>	<b>47,657.</b>	<b>0.</b>	<b>47,657.</b>	<b>45,836.</b>	<b>1,821.</b>
<b>Instructional Staff Training Services:</b>					
Purchased Professional Educational Services	500.	460.	960.	960.	0.
Purchased Professional Services	1,650.	(460.)	1,190.	272.	918.
<b>Total Instructional Staff Training Services</b>	<b>2,150.</b>	<b>0.</b>	<b>2,150.</b>	<b>1,232.</b>	<b>918.</b>
<b>Support Services - General Administration:</b>					
Salaries	161,372.	3,778.	165,150.	165,150.	0.
Legal Services	18,850.	12,039.	30,889.	26,119.	4,770.
Audit Fees	12,000.	6,000.	18,000.	18,000.	0.
Other Purchased Professional Services	4,000.	2,454.	6,454.	6,454.	0.
Purchased Technical Services	250.	(237.)	13.	0.	13.
Communications/Telephone	12,587.	(2,673.)	9,914.	4,603.	5,311.
Other Purchased Services	250.	503.	753.	753.	0.
Misc. Purchased Services	20,874.	1,583.	22,457.	22,456.	1.
General Supplies	2,500.	(1,662.)	838.	838.	0.
BOE In-House Training/Meeting Supplies	50.	(50.)	0.	0.	0.
Miscellaneous Expenditures	1,000.	1,725.	2,725.	2,725.	0.
BOE Member Dues/ Fees	3,000.	0.	3,000.	2,984.	16.
<b>Total Support Services - General Administration</b>	<b>236,733.</b>	<b>23,460.</b>	<b>260,193.</b>	<b>250,082.</b>	<b>10,111.</b>

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Support Services - School Administration:					
Salaries of Other Professional Staff	\$ 55,088.	\$ 1,064.	\$ 56,152.	\$ 53,744.	\$ 2,408.
Salaries of Secretarial and Clerical Assistants	18,082.	(2,390.)	15,692.	15,072.	620.
Purchased Professional and Tech Services	0.	5,600.	5,600.	5,600.	0.
Other Purchased Services	650.	(647.)	3.	0.	3.
Supplies and Materials	900.	2,873.	3,773.	3,773.	0.
Other Objects	1,144.	1,011.	2,155.	2,155.	0.
<b>Total Support Services - School Administration</b>	<b>75,864.</b>	<b>7,511.</b>	<b>83,375.</b>	<b>80,344.</b>	<b>3,031.</b>
Central Services:					
Salaries	126,687.	(1,534.)	125,153.	123,513.	1,640.
Purchased Professional Services	1,175.	140.	1,315.	1,315.	0.
Purchased Technical Services	10,100.	12,402.	22,502.	22,502.	0.
Miscellaneous Purchased Services	260.	40.	300.	300.	0.
Supplies and Materials	2,350.	(476.)	1,874.	1,714.	160.
Interest on Lease Purchase Agreement	3,212.	3,911.	7,123.	7,123.	0.
Other Objects	1,065.	0.	1,065.	1,065.	0.
<b>Total Central Services</b>	<b>144,849.</b>	<b>14,483.</b>	<b>159,332.</b>	<b>157,532.</b>	<b>1,800.</b>
Required Maintenance for School Facilities:					
Salaries	44,490.	1,872.	46,362.	46,362.	0.
Cleaning, Repair and Maintenance Services	49,384.	23,212.	72,596.	66,733.	5,863.
General Supplies	16,075.	(7,333.)	8,742.	8,408.	334.
<b>Total Required Maintenance for School Facilities</b>	<b>109,949.</b>	<b>17,751.</b>	<b>127,700.</b>	<b>121,503.</b>	<b>6,197.</b>

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Custodial Services:</b>					
Purchased Professional and Technical Services	\$ 143,680.	\$ 606.	\$ 144,286.	\$ 143,117.	\$ 1,169.
Cleaning, Repair and Maintenance Services	6,750.	(1,461.)	5,289.	5,289.	0.
Insurance	23,488.	1,610.	25,098.	25,098.	0.
Miscellaneous Purchased Services	1,000.	(401.)	599.	477.	122.
General Supplies	15,225.	(10,963.)	4,262.	3,521.	741.
Energy (Natural Gas)	21,630.	9,027.	30,657.	30,136.	521.
Energy (Electricity)	102,359.	0.	102,359.	95,800.	6,559.
Other Objects	100.	(79.)	21.	0.	21.
<b>Total Custodial Services</b>	<b>314,232.</b>	<b>(1,661.)</b>	<b>312,571.</b>	<b>303,438.</b>	<b>9,133.</b>
<b>Care and Upkeep of Grounds:</b>					
Salaries	11,123.	0.	11,123.	10,886.	237.
Cleaning, Repair and Maintenance Services	2,700.	(298.)	2,402.	2,222.	180.
General Supplies	2,575.	(2,102.)	473.	365.	108.
<b>Total Care and Upkeep of Grounds</b>	<b>16,398.</b>	<b>(2,400.)</b>	<b>13,998.</b>	<b>13,473.</b>	<b>525.</b>
<b>Total Operation and Maintenance of Plant Services</b>	<b>440,579.</b>	<b>13,690.</b>	<b>454,269.</b>	<b>438,414.</b>	<b>15,855.</b>
<b>Students Transportation Services:</b>					
Salaries for Pupil Transportation	5,751.	0.	5,751.	5,611.	140.
Management Fee - ESC & CTSA Trans Program	10,698.	112.	10,810.	10,810.	0.
Aid in Lieu - Non-Public	15,912.	1,088.	17,000.	17,000.	0.
Aid in Lieu - Charter School	5,304.	(1,784.)	3,520.	1,000.	2,520.
Aid in Lieu - Choice	18,564.	5,764.	24,328.	24,328.	0.
Contracted Services (Not Home/School) - Vendors	6,750.	3,159.	9,909.	9,909.	0.
Contracted Services (Home/School) - Joint Agreements	183,513.	(4,557.)	178,956.	178,503.	453.
Contracted Services (Special Ed.) - ESCs	174,056.	(64,833.)	109,223.	92,589.	16,634.
<b>Total Student Transportation Services</b>	<b>420,548.</b>	<b>(61,051.)</b>	<b>359,497.</b>	<b>339,750.</b>	<b>19,747.</b>

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Unallocated Benefits:					
Social Security Contributions	\$ 42,451.	\$ 8,248.	\$ 50,699.	\$ 50,699.	\$ 0.
Other Retirement Contributions - Regular	51,484.	0.	51,484.	50,146.	1,338.
Unemployment Compensation	12,000.	1,279.	13,279.	13,279.	0.
Workmen's Compensation	32,993.	899.	33,892.	33,892.	0.
Health Benefits	764,107.	(50,601.)	713,506.	657,729.	55,777.
Other Employee Benefits	23,770.	(898.)	22,872.	21,151.	1,721.
Total Unallocated Benefits	926,805.	(41,073.)	885,732.	826,896.	58,836.
On Behalf TPAF Pension Contributions (Non-Budgeted)	0.	0.	0.	576,654.	(576,654.)
Reimbursed TPAF Soc. Sec. Contributions (Non-Budgeted)	0.	0.	0.	184,440.	(184,440.)
Total Undistributed Expenditures	3,078,852.	(7,303.)	3,071,549.	3,581,006.	(509,457.)
Total Expenditures - Current Expense	5,233,400.	60,756.	5,294,156.	5,710,042.	(415,886.)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services:					
Lease Purchase Agreement	35,911.	0.	35,911.	35,910.	1.
Assessment for Debt Service on SDA Funding	17,839.	0.	17,839.	17,839.	0.
Total Facilities Acquisition and Construction Services	53,750.	0.	53,750.	53,749.	1.
Total Capital Outlay Expenditures	53,750.	0.	53,750.	53,749.	1.
Transfer of Funds to Charter Schools	49,390.	0.	49,390.	24,322.	25,068.
Total Expenditures	5,336,540.	60,756.	5,397,296.	5,788,113.	(390,817.)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (159,268.)	\$ 0.	\$ (159,268.)	\$ 287,461.	\$ 446,729.



DEERFIELD TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources:					
Operating Transfer In:					
Transfer to/from Internal Service Fund	\$ 5,000.	0.	\$ 5,000.	\$ 5,000.	\$ 0.
Total Other Financing Sources:	<u>5,000.</u>	<u>0.</u>	<u>5,000.</u>	<u>5,000.</u>	<u>0.</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(154,268.)	0.	(154,268.)	292,461.	446,729.
Fund Balance, July 1	743,149.	0.	743,149.	743,149.	0.
Fund Balance, June 30	<u>\$ 588,881.</u>	<u>\$ 0.</u>	<u>\$ 588,881.</u>	<u>\$ 1,035,610.</u>	<u>\$ 446,729.</u>

Recapitulation:	
Restricted Fund Balance:	\$ 110,056.
Capital Reserve	335,789.
Maintenance Reserve	73,293.
Excess Surplus Designated for Subsequent Year's Expenditures	220,423.
Excess Surplus - Current Year	
Committed Fund Balance:	1,553.
Year-End Encumbrances	
Assigned Fund Balance:	20,190.
Designated for Subsequent Year's Expenditures	274,306.
Unassigned Fund Balance	<u>1,035,610.</u>
Reconciliation to Governmental Funds Statements (GAAP):	
Less: State Aid Payments Not Recognized on GAAP Basis	(241,997.)
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 793,613.</u></u>

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources	\$ 2,878.	\$ 0.	\$ 2,878.	\$ 2,878.	\$ 0.
State Sources	122,498.	0.	122,498.	122,498.	0.
Federal Sources	256,942.	0.	256,942.	234,312.	(22,630.)
<b>Total Revenues</b>	<b>\$ 382,318.</b>	<b>\$ 0.</b>	<b>\$ 382,318.</b>	<b>\$ 359,688.</b>	<b>\$ (22,630.)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 160,713.	\$ 0.	\$ 160,713.	\$ 152,461.	\$ 8,252.
Other Salaries for Instruction	23,504.	0.	23,504.	23,504.	0.
Purchased Professional - Educational Services	3,028.	0.	3,028.	2,403.	625.
Other Purchased Services	2,387.	0.	2,387.	0.	2,387.
Tuition	90,352.	0.	90,352.	90,352.	0.
Textbooks	21,403.	0.	21,403.	15,260.	6,143.
General Supplies	5,567.	0.	5,567.	5,075.	492.
Other Objects	1,935.	0.	1,935.	52.	1,883.
<b>Total Instruction</b>	<b>308,889.</b>	<b>0.</b>	<b>308,889.</b>	<b>289,107.</b>	<b>19,782.</b>
Support Services					
Personal Services - Employee Benefits	52,024.	0.	52,024.	51,757.	267.
Other Purchased Professional Services	1,805.	0.	1,805.	147.	1,658.
Other purchased Services	7,942.	0.	7,942.	7,604.	338.
Supplies & Materials	9,124.	0.	9,124.	8,722.	402.
Other Objects	2,534.	0.	2,534.	2,351.	183.
<b>Total Support Services</b>	<b>73,429.</b>	<b>0.</b>	<b>73,429.</b>	<b>70,581.</b>	<b>2,848.</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment	0.	0.	0.	0.	0.
<b>Total Facilities Acquisition and Construction Services</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
<b>Total Expenditures</b>	<b>382,318.</b>	<b>0.</b>	<b>382,318.</b>	<b>359,688.</b>	<b>22,630.</b>
<b>Total Outflows</b>	<b>382,318.</b>	<b>0.</b>	<b>382,318.</b>	<b>359,688.</b>	<b>22,630.</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION – Part II**

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

	General Fund	Special Revenue Fund	Capital Projects Fund
Sources/inflows of resources:			
Actual amounts (budgetary) "revenues from the budgetary comparison schedules	\$ 6,075,574.	\$ 359,688.	\$ 0.
Differences - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Prior Year Encumbrance	0.	0.	0.
Current Year Encumbrance	0.	(1,045.)	0.
State aid payment recognized for GAAP statement in the current year, previously recognized for budgetary purposes.	222,824.	5,715.	0.
State aid payment recognized for budgetary purposes not recognized for GAAP statements until the subsequent year.	(241,997.)	(12,145.)	0.
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 6,056,401.	\$ 352,213.	\$ 0.
Uses/Outflow of resources:			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 5,788,113.	\$ 359,688.	\$ 0.
Differences - Budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Prior Year Encumbrance Paid	0.	0.	0.
Current Year Encumbrance	0.	(1,045.)	0.
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 5,788,113.	\$ 358,643.	\$ 0.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**– PART III**

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

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERS

Last Five Fiscal Years

	Measurement Date Ending June 30,			
	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.00487288%	0.00471147%	0.00381067%	0.00442184%
District's proportionate share of the net pension liability (asset)	\$ 1,134,328.	\$ 1,395,401.	\$ 854,517.	\$ 827,889.
District's covered-employee payroll	\$ 283,140.	\$ 310,918.	\$ 345,646.	\$ 307,827.
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	400.62%	448.80%	247.22%	268.95%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.93%	52.08%
				48.72%
				N/A
				N/A
				N/A

SOURCE: GASB 68 report on Public Employee's Retirement System; District Records

NOTE: This schedule is required by GASB 68 to be show information for a 10 year period. Additional years will be presented as they become available.

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 Last Five Fiscal Years

PERS

	Fiscal Year Ending June 30,			
	2018	2017	2016	2015
Contractually required contribution	\$ 45,142.	\$ 41,856.	\$ 32,727.	\$ 36,453.
Contributions in relation to the contractually required contribution	(45,142.)	(41,856.)	(32,727.)	(36,453.)
Contribution deficiency (excess)	0.	0.	0.	0.
District's covered-employee payroll	\$ 283,140.	\$ 310,918.	\$ 345,646.	\$ 307,827.
Contributions as a percentage of covered-employee payroll	15.94%	13.46%	9.47%	11.84%

TPAF

	Fiscal Year Ending June 30,			
	2018	2017	2016	2015
Contractually required contribution	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 2,393,151.	\$ 2,370,769.	\$ 2,334,916.	\$ 2,243,091.
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

SOURCE: GASB 68 report on Public Employee's Retirement System/Teachers' Pension and Annuity Fund;  
 District Records

NOTE: This schedule is required by GASB 68 to be show information for a 10 year period.  
 Additional years will be presented as they become available.



DEERFIELDTOWNSHIP SCHOOL DISTRICT  
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 TPAF

Last Five Fiscal Years

	Measurement Date Ending June 30,				
	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 15,189,317.	\$ 16,023,288.	\$ 13,353,249.	\$ 10,774,954.	\$ 9,834,266.
<b>Total</b>	<b>\$ 15,189,317.</b>	<b>\$ 16,023,288.</b>	<b>\$ 13,353,249.</b>	<b>\$ 10,774,954.</b>	<b>\$ 9,834,266.</b>
District's covered-employee payroll	\$ 2,393,151.	\$ 2,370,769.	\$ 2,334,916.	\$ 2,243,091.	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

SOURCE: GASB 68 report on Teachers' Pension and Annuity Fund; District Records

NOTE: This schedule is required by GASB 68 to be show information for a 10 year period. Additional years will be presented as they become available.

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION – PART III**

**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PENSION SCHEDULES  
JUNE 30, 2018**

**Note 1. Teachers' Pension and Annuity Fund (TPAF)**

*Changes of benefits terms.* The vesting and benefits provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after 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 member's accounts.

*Changes of assumptions.* Mortality rates were based on the RP-2000 Health Annuitant Mortality for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active member are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvement for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

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

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

*Changes of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

**Note 3. Schedule of School District's Proportionate Share of the Net Pension Liability – PERS/TPAF and Schedule of Employer's Contribution for PERS/TPAF**

The information presented in these required supplementary schedules was determined as part of the audit of the State of New Jersey Division of Pension and Benefits. Additional information for the pension schedules can be found in the notes to the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**– PART IV**

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

DEERFIELD TOWNSHIP BOARD OF EDUCATION  
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
PERS AND TPAF  
Last Two Fiscal Years

	Measurement Date	
	Ending June 30,	
	2017	2016
District's proportion of the net OPEB liability (asset)	0.00%	0.00%
District's proportionate share of the net OPEB liability (asset)	\$ 0.	\$ 0.
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>16,003,433.</u>	<u>17,402,311.</u>
Total	<u>\$ 16,003,433.</u>	<u>\$ 17,402,311.</u>
District's covered payroll	\$ 2,676,291.	\$ 2,681,687.
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
State's proportionate share of OPEB associated with the District:		
Service Cost	\$ 713,616.	
Interest Cost	507,028.	
Changes in Assumptions	(2,114,285.)	
Member Contributions	13,649.	
Benefit Payments	<u>(370,673.)</u>	
Changes in Total OPEB Liability	(1,250,665.)	
State's proportionate share of the net OPEB liability (asset) associated with the District -		
Beginning Balance	<u>17,254,098.</u>	
Ending Balance	<u>\$ 16,003,433.</u>	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	597.97%	

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

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

DEERFIELD TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OPEB  
CONTRIBUTIONS  
PERS AND TPAF  
Last Two Fiscal Years

	<u>Fiscal Year Ending June 30,</u>	
	<u>2017</u>	<u>2016</u>
District's proportion of the OPEB Contribution	0.00%	0.00%
District's proportionate of the OPEB Contribution	\$ 0.	\$ 0.
State's proportionate share of the OPEB contribution associated with the District	<u>861,679.</u>	<u>1,242,018.</u>
Total	<u>861,679.</u>	<u>1,242,018.</u>
District's covered payroll	\$ 2,676,291.	\$ 2,681,687.
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

SOURCE: GASB 75 report on State of New Jersey Health Benefits Program; District records

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

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION – PART IV**



**DEERFIELD TOWNSHIP BOARD OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
OPEB SCHEDULES  
JUNE 30, 2018**

**Note 1. State Health Benefit Local Education Retired Employees OPEB Plan**

Benefit Changes

None

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

## **OTHER SUPPLEMENTARY INFORMATION**

# **SCHOOL BASED BUDGET SCHEDULES**

## **SPECIAL REVENUE FUND**

**Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.**

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Title I, Part A	Title II, Part A	I.D.E.A. Part B Basic	I.D.E.A. Part B Preschool	REAP	Local Grant	Preschool Education Program	Totals 2018
<b>Revenues:</b>								
Local Sources	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 2,878.	\$ 0.	\$ 2,878.
State Sources	0.	0.	0.	0.	0.	0.	122,498.	122,498.
Federal Sources	117,314.	11,386.	90,352.	0.	15,260.	0.	0.	234,312.
<b>Total Revenues</b>	<b>\$ 117,314.</b>	<b>\$ 11,386.</b>	<b>\$ 90,352.</b>	<b>\$ 0.</b>	<b>\$ 15,260.</b>	<b>\$ 2,878.</b>	<b>\$ 122,498.</b>	<b>\$ 359,688.</b>
<b>Expenditures:</b>								
<b>Instruction:</b>								
Salaries of Teachers	\$ 84,599.	\$ 2,272.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 65,590.	\$ 152,461.
Other Salaries for Instruction	0.	0.	0.	0.	0.	0.	23,504.	23,504.
Purchased Professional - Educational Services	0.	2,403.	0.	0.	0.	0.	0.	2,403.
Tuition	0.	0.	90,352.	0.	0.	0.	0.	90,352.
Textbooks	0.	0.	0.	0.	15,260.	0.	0.	15,260.
General Supplies	992.	0.	0.	0.	0.	0.	4,083.	5,075.
Other Objects	0.	52.	0.	0.	0.	0.	0.	52.
<b>Total Instruction</b>	<b>85,591.</b>	<b>4,727.</b>	<b>90,352.</b>	<b>0.</b>	<b>15,260.</b>	<b>0.</b>	<b>93,177.</b>	<b>289,107.</b>
<b>Support Services:</b>								
Personal Services - Employee Benefits	22,706.	0.	0.	0.	0.	0.	29,051.	51,757.
Other Purchased Professional Services	0.	147.	0.	0.	0.	0.	0.	147.
Other Purchased Services	0.	4,456.	0.	0.	0.	2,878.	270.	7,604.
Supplies & Materials	6,983.	1,739.	0.	0.	0.	0.	0.	8,722.
Other Objects	2,034.	317.	0.	0.	0.	0.	0.	2,351.
<b>Total Support Services</b>	<b>31,723.</b>	<b>6,659.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>2,878.</b>	<b>29,321.</b>	<b>70,581.</b>
<b>Facilities Acquisition and Construction Service:</b>								
Instructional Equipment	0.	0.	0.	0.	0.	0.	0.	0.
<b>Total Facilities Acquisition and Const. Service</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
<b>Total Expenditures</b>	<b>\$ 117,314.</b>	<b>\$ 11,386.</b>	<b>\$ 90,352.</b>	<b>\$ 0.</b>	<b>\$ 15,260.</b>	<b>\$ 2,878.</b>	<b>\$ 122,498.</b>	<b>\$ 359,688.</b>

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PRE-SCHOOL EDUCATION PROGRAM  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Total		Variance
	Budgeted	Actual	
Expenditures:			
Instruction:			
Salaries - Teachers	\$ 65,590.	\$ 65,590.	\$ 0.
Other Salaries for Instruction	23,504.	23,504.	0.
Supplies	4,083.	4,083.	0.
Total Instruction	<u>93,177.</u>	<u>93,177.</u>	<u>0.</u>
Support Services:			
Personal Services - Employee Benefits	29,051.	29,051.	0.
Contracted Trans-Field Trip	270.	270.	0.
Total Support Services	<u>29,321.</u>	<u>29,321.</u>	<u>0.</u>
Total Expenditures	<u>\$ 122,498.</u>	<u>\$ 122,498.</u>	<u>\$ 0.</u>

Calculation of Budget and Carryover

Total revised 2017-2018 Pre-School Education Aid Allocation	\$ 121,448.
Add: Actual Pre-School Education Aid carryover (June 30, 2017)	1,050.
Add: Budgeted Transfer from the General Fund 2017-2018	<u>0.</u>
Total Pre-School Education Aid Funds Available for 2017-2018 Budget	122,498.
Less: 2017-2018 Budgeted Pre-School Education Aid Including Prior Year Budget C/O Available and Unbudgeted Pre-School Education Aid Funds as of June 30, 2018	<u>122,498.</u>
	0.
Add: June 30, 2018 Unexpended Pre-School Education Aid	<u>0.</u>
2017-2018 Carryover - Pre-School Education Aid/Pre-School	<u>\$ 0.</u>
2017-2018 Pre-School Education Aid Carryover Budgeted for Pre-School Programs 2018-2019	<u>\$ 0.</u>

**CAPITAL PROJECTS FUND**

N/A

## **PROPRIETARY FUNDS**

**Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

**Food Service Fund** – This fund accounts for the operation of the food services program in the district.

**Internal service funds** are created to provide goods or services to other governmental operating units. The objective of an internal service fund is not to make a profit but to recover over a period of time the cost of providing goods or services.

**Music and Speech Teachers Consortium** – This fund provides professional services to other school districts within the Cumberland County area.

**Child Study Team** – This fund provides Child Study Team services to another school district in Cumberland County.



**ENTERPRISE FUND**

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018

	<u>Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and cash equivalents	\$ 51,399.
Accounts receivable:	
State	157.
Federal	9,208.
Inventories	<u>3,091.</u>
Total current assets	<u>63,855.</u>
Fixed assets:	
Equipment	165,996.
Accumulated depreciation	<u>(165,996.)</u>
Total fixed assets	<u>0.</u>
Total assets	<u>\$ 63,855.</u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>	<u>\$ 0.</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Account Payable	<u>\$ 0.</u>
Total current liabilities	<u>0.</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>	<u>\$ 0.</u>
<b>NET POSITION:</b>	
Invested in capital assets net of related debt	0.
Unrestricted	<u>63,855.</u>
Total net position	<u><u>\$ 63,855.</u></u>

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
ENTERPRISES  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
JUNE 30, 2018

	Food Service Fund
<b>OPERATING REVENUES:</b>	
Local sources:	
Daily sales-reimbursable programs	
School lunch and breakfast program	\$ 39,298.
Daily sales non-reimbursable programs	25,506.
Total operating revenues	64,804.
<b>OPERATING EXPENSES:</b>	
Cost of sales - Reimbursable	71,380.
Cost of sales - Non-Reimbursable	9,564.
Salaries	63,488.
Employee benefits	6,176.
Management fees	17,665.
Supplies and materials	20,523.
Repair & Maintenance	1,892.
Other Purchased Services	5,396.
Depreciation	572.
Miscellaneous	1,091.
Total operating expenses	197,747.
Operating income/(loss)	(132,943.)
<b>Nonoperating revenues (expenses):</b>	
State sources:	
State school lunch program	2,130.
Federal sources:	
National school breakfast program	27,267.
National school lunch program	88,968.
Food distribution program	14,732.
Total nonoperation revenues	133,097.
Net profit/(loss)	154.
<b>Other Sources/(Uses) of Funds:</b>	
Transfer in (out)	0.
Change in net position	154.
Net position - July 1	63,701.
Net position - June 30	\$ 63,855.

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
ALL PROPRIETY FUND TYPE AND SIMILAR TRUST FUNDS  
FOR YEAR ENDED JUNE 30, 2018

	<u>Food Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 64,803.
Cash payment to employees	(10,593.)
Cash payments to suppliers for goods and services	(170,491.)
	<hr/>
Net cash used by operating activities	(116,281.)
	<hr/>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash received from state and federal reimbursements	141,535.
	<hr/>
Net cash provided by non-capital financing activities	141,535.
	<hr/>
Net increase/(decrease) in cash and cash equivalents	25,254.
Cash and cash equivalents - July 1	26,145.
	<hr/>
Cash and cash equivalents - June 30	\$ 51,399.
	<hr/> <hr/>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:	
Operating income/(loss)	(132,943.)
Adjustments to reconcile operating loss to cash provided (used) by operating activities:	
Depreciation expense	572.
Federal commodities	14,732.
(Increase)/Decrease in inventory	1,358.
	<hr/>
Net cash provided by (used) by operating activities	\$ (116,281.)
	<hr/> <hr/>

## **INTERNAL SERVICE FUND**

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUNDS  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2018

	Child Study Team	Music Teacher Consortium	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ (40,268.)	\$ 787.	\$ (39,481.)
Account Receivable	64,669.	0.	64,669.
Total current assets	24,401.	787.	25,188.
Total assets	\$ 24,401.	\$ 787.	\$ 25,188.
DEFERRED OUTFLOW OF RESOURCES:	\$ 0.	\$ 0.	\$ 0.
<b>LIABILITIES:</b>			
Current Liabilities:			
Unearned Revenues	\$ 0.	\$ 787.	\$ 787.
Total liabilities	0.	787.	787.
DEFERRED INFLOW OF RESOURCES:	\$ 0.	\$ 0.	\$ 0.
<b>NET POSITION:</b>			
Unrestricted	24,401.	0.	24,401.
Total net position	\$ 24,401.	\$ 0.	\$ 24,401.

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Child Study Team	Music Teacher Consortium	Total
<b>OPERATING REVENUES:</b>			
Local sources:			
Charges and fees	\$ 64,669.	\$ 0.	\$ 64,669.
Total operating revenues	64,669.	0.	64,669.
<b>OPERATING EXPENSES:</b>			
Salaries	49,034.	0.	49,034.
Supplies	2,178.	0.	2,178.
Repair and maintenance	2,230.	0.	2,230.
Purchased Service	1,536.	0.	1,536.
Miscellaneous	200.	0.	200.
Total operating expenses	55,178.	0.	55,178.
Operating income/(loss)	9,491.	0.	9,491.
Other Sources/(Uses) of Funds:			
Transfer in (out)	(5,000.)	0.	(5,000.)
Change in net position	4,491.	0.	4,491.
NET POSITION - JULY 1	19,910.	0.	19,910.
NET POSITION - JUNE 30	\$ 24,401.	\$ 0.	\$ 24,401.

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CASH FLOW FROM OPERATING ACTIVITIES:

Cash received from customers  
 Cash payments to employees for services  
 Cash payments to suppliers

Net cash provided (used) by operating activities

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfer to/from other funds

Net cash provided by non-capital financing reimbursements

Net increase/(decrease in cash and cash equivalents  
 Cash and cash equivalents - July 1

Cash and cash equivalents - June 30

Reconciliation of operating income/(loss) to net cash provided/  
 (used) by operating activities:

Operating income (loss)

Adjustments to reconcile operating income to net cash  
 provided by operating activities:

Change in assets and liabilities:

(Increase)/decrease in accounts receivable

Net cash provided (used in) operating activities

	Child Study Team	Music Teacher Consortium	Total
\$	0.	\$ 0.	\$ 0.
	(49,034.)	0.	(49,034.)
	(6,144.)	0.	(6,144.)
	(55,178.)	0.	(55,178.)
	(5,000.)	0.	(5,000.)
	(5,000.)	0.	(5,000.)
	(60,178.)	0.	(60,178.)
	19,910.	787.	20,697.
\$	(40,268.)	\$ 787.	\$ (39,481.)
\$	9,491.	\$ 0.	\$ 9,491.
	(64,669.)	0.	(64,669.)
\$	(55,178.)	\$ 0.	\$ (55,178.)



## **FIDUCIARY FUND**

**Trust funds are used to account for gifts and bequests to the school district for a specific purpose.**

**Scholarship Trust Fund – This is an expendable trust fund used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and income.**

**Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.**

**Student Activity Fund – This agency fund is used to account for student funds held at the school.**

**Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.**

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2018

	Expendable Trust Scholarship	AFLAC Section 125	Student Activity	Payroll/ Agency Fund	Total
<b>ASSETS:</b>					
Cash & Cash Equivalents	\$ 66.	\$ 5,595.	\$ 23,796.	\$ 37,412.	\$ 66,869.
Interfund Receivable	0.	0.	351.	0.	351.
<b>Total Assets</b>	<b>66.</b>	<b>5,595.</b>	<b>24,147.</b>	<b>37,412.</b>	<b>67,220.</b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>	0.	0.	0.	0.	0.
<b>LIABILITIES:</b>					
Due to Student Groups	0.	0.	24,147.	0.	24,147.
Interfund Payable	0.	0.	0.	31,787.	31,787.
Due to Employee	0.	0.	0.	140.	140.
Due to Payroll Withholdings	0.	0.	0.	5,485.	5,485.
<b>Total Liabilities</b>	<b>0.</b>	<b>0.</b>	<b>24,147.</b>	<b>37,412.</b>	<b>61,559.</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>	0.	0.	0.	0.	0.
<b>NET POSITION:</b>					
Reserved	66.	5,595.	0.	0.	5,661.
<b>Total Net Position</b>	<b>\$ 66.</b>	<b>\$ 5,595.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 5,661.</b>

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR FISCAL YEAR ENDED JUNE 30, 2018

	Richard Doughty Sr. Scholarship	AFLAC Section 125	Total
<b>OPERATING REVENUES:</b>			
Contributions:			
Plan Member	\$ 0.	\$ 7,750.	\$ 7,750.
Total Operating Revenues	<u>0.</u>	<u>7,750.</u>	<u>7,750.</u>
<b>OPERATING EXPENSES:</b>			
Scholarship Payments	0.	0.	0.
Claims	0.	7,810.	7,810.
Total Operating Expenses	<u>0.</u>	<u>7,810.</u>	<u>7,810.</u>
Change in Net Position	<u>0.</u>	<u>(60.)</u>	<u>(60.)</u>
NET POSITION, JULY 1	<u>66.</u>	<u>5,655.</u>	<u>5,721.</u>
NET POSITION, JUNE 30	<u>\$ 66.</u>	<u>\$ 5,595.</u>	<u>\$ 5,661.</u>

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND SCHEDULE  
OF RECEIPTS AND DISBURSEMENTS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Cash Balance July 1, 2017	Cash Receipts	Cash Disbursements	Cash Balance June 30, 2018
Deerfield Township School	\$ 50,965.	\$ 35,093.	\$ 61,911.	\$ 24,147.
Total	\$ 50,965.	\$ 35,093.	\$ 61,911.	\$ 24,147.

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>ASSETS:</b>				
Cash & Cash Equivalents	\$ 8,120.	\$ 3,551,924.	\$ 3,522,632.	\$ 37,412.
Total Assets	<u>\$ 8,120.</u>	<u>\$ 3,551,924.</u>	<u>\$ 3,522,632.</u>	<u>\$ 37,412.</u>
<b>LIABILITIES:</b>				
Net Payroll	\$ 140.	\$ 1,945,901.	\$ 1,945,901.	\$ 140.
Payroll Deductions and Withholdings	4,657.	1,576,115.	1,575,287.	5,485.
Interfund Payable	3,323.	29,908.	1,444.	31,787.
Total Liabilities	<u>\$ 8,120.</u>	<u>\$ 3,551,924.</u>	<u>\$ 3,522,632.</u>	<u>\$ 37,412.</u>

## **LONG-TERM DEBT**



DEERFIELD TOWNSHIP SCHOOL DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF CAPITAL LEASES  
JUNE 30, 2018

Purpose	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate Payable	Amount Outstanding July 1, 2017	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2018
			Principal	Interest					
HVAC System	1/2/2008	10 years	\$308,140.	\$ 63,067.	3.62/4.29%	\$ 73,391.	\$ 0.	\$35,910.	\$ 37,481.
Total						<u>\$ 73,391.</u>	<u>\$ 0.</u>	<u>\$35,910.</u>	<u>\$ 37,481.</u>



DEERFIELD TOWNSHIP SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfer	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 135,681.	\$ 0.	\$ 135,681.	\$ 135,681.	\$ 0.
Total Local Sources	135,681.	0.	135,681.	135,681.	0.
State Sources:					
Debt Service Aid - Type II	0.	0.	0.	0.	0.
Total State Sources	0.	0.	0.	0.	0.
Total Revenues	135,681.	0.	135,681.	135,681.	0.
EXPENDITURES:					
Regular Debt Service:					
Interest	35,682.	0.	35,682.	35,682.	0.
Redemption of Principal	100,000.	0.	100,000.	100,000.	0.
Total Regular Debt Service	135,682.	0.	135,682.	135,682.	0.
Total Expenditures	135,682.	0.	135,682.	135,682.	0.
Excess (deficiency) of revenues over/ (under) expenditures before other financing sources (uses)	(1.)	0.	(1.)	(1.)	0.
Fund Balance, July 1	1.	0.	1.	1.	0.
Fund Balance, June 30	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.

## **STATISTICAL SECTION**

## **FINANCIAL TRENDS**

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
 (Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities:</b>										
Invested in capital assets, net of related debt	\$ 1,891,902.	\$ 2,098,384.	\$ 2,255,014.	\$ 2,785,494.	\$ 2,977,985.	\$ 2,886,865.	\$ 2,479,173.	\$ 2,422,702.	\$ 2,385,105.	\$ 2,349,275.
Restricted	476,359.	515,237.	582,356.	601,972.	410,783.	346,443.	503,191.	551,315.	472,960.	761,304.
Unrestricted	21,554.	(27,477.)	112,783.	64,905.	25,176.	68,845.	(780,693.)	(850,926.)	(970,252.)	(1,019,266.)
<b>Total governmental activities net position</b>	<b>\$ 2,389,815.</b>	<b>\$ 2,586,144.</b>	<b>\$ 2,950,153.</b>	<b>\$ 3,452,371.</b>	<b>\$ 3,413,944.</b>	<b>\$ 3,302,153.</b>	<b>\$ 2,201,671.</b>	<b>\$ 2,123,091.</b>	<b>\$ 1,887,813.</b>	<b>\$ 2,091,313.</b>
<b>Business-Type Activities:</b>										
Invested in capital assets, net of related debt	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 572.	\$ 0.
Unrestricted	21,300.	27,568.	45,423.	37,489.	38,528.	48,642.	46,791.	69,216.	63,129.	63,855.
<b>Total business-type activities net position</b>	<b>\$ 21,300.</b>	<b>\$ 27,568.</b>	<b>\$ 45,423.</b>	<b>\$ 37,489.</b>	<b>\$ 38,528.</b>	<b>\$ 48,642.</b>	<b>\$ 46,791.</b>	<b>\$ 69,216.</b>	<b>\$ 63,701.</b>	<b>\$ 63,855.</b>
<b>District-Wide:</b>										
Invested in capital assets, net of related debt	\$ 1,891,902.	\$ 2,098,384.	\$ 2,255,014.	\$ 2,785,494.	\$ 2,977,985.	\$ 2,886,865.	\$ 2,479,173.	\$ 2,422,702.	\$ 2,385,677.	\$ 2,349,275.
Restricted	476,359.	515,237.	582,356.	601,972.	410,783.	346,443.	503,191.	551,315.	472,960.	761,304.
Unrestricted	42,854.	91.	158,206.	102,394.	63,704.	117,487.	(733,902.)	(781,710.)	(907,123.)	(955,411.)
<b>Total District Net Position</b>	<b>\$ 2,411,115.</b>	<b>\$ 2,613,712.</b>	<b>\$ 2,995,576.</b>	<b>\$ 3,489,860.</b>	<b>\$ 3,452,472.</b>	<b>\$ 3,350,795.</b>	<b>\$ 2,248,462.</b>	<b>\$ 2,192,307.</b>	<b>\$ 1,951,514.</b>	<b>\$ 2,155,168.</b>

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities										
Instruction:										
Regular	\$ 1,819,657.	\$ 1,529,096.	\$ 1,529,596.	\$ 1,594,571.	\$ 1,658,514.	\$ 1,516,987.	\$ 1,671,577.	\$ 1,566,761.	\$ 1,594,638.	\$ 1,705,944.
Special education	362,020.	534,480.	559,944.	575,168.	538,987.	648,247.	694,851.	703,850.	648,673.	658,585.
Other special education	52,044.	114,955.	45,527.	42,696.	38,000.	640.	2,637.	23,234.	42,188.	42,188.
Other instruction	13,648.	13,951.	4,404.	4,054.	10,024.	4,683.	2,602.	4,026.	12,458.	17,248.
Support Services:										
Tuition	208,872.	312,639.	307,919.	411,178.	545,736.	554,228.	250,281.	343,912.	373,532.	158,492.
Student & instruction related services	386,651.	354,137.	329,304.	341,208.	440,002.	459,247.	581,542.	651,925.	689,981.	697,142.
School administrative Services	73,349.	110,514.	73,300.	84,326.	64,959.	72,365.	75,208.	78,220.	76,289.	83,779.
General & business administration services	374,398.	376,516.	383,514.	386,355.	408,206.	346,820.	375,635.	384,399.	407,068.	417,918.
Plant operations and maintenance	491,627.	446,861.	421,128.	408,936.	389,062.	432,652.	440,436.	451,441.	434,483.	462,458.
Pupil transportation	335,221.	402,119.	367,913.	377,577.	396,761.	447,751.	386,683.	401,503.	464,852.	351,772.
Employee benefits	971,156.	1,055,434.	1,136,952.	1,218,959.	1,352,123.	1,322,969.	1,857,793.	2,083,824.	2,690,030.	3,235,995.
Internal service funds	49,117.	78,735.	53,663.	66,271.	53,707.	58,082.	54,317.	62,524.	59,848.	55,178.
Unallocated depreciation	5,682.	5,942.	5,870.	5,895.	5,784.	5,591.	5,683.	5,152.	5,152.	5,152.
State debt service assessment	0.	0.	22,093.	12,848.	17,838.	17,839.	17,839.	17,839.	17,839.	17,839.
Amortization of debt issuance cost	9,352.	9,352.	13,148.	13,148.	13,148.	0.	0.	0.	0.	0.
Interest on long-term debt	116,276.	106,296.	107,347.	63,811.	53,833.	44,075.	43,305.	40,619.	35,474.	35,432.
Transfer to charter school	0.	0.	0.	0.	0.	0.	8,981.	40,533.	49,390.	24,322.
Total governmental activities expenses	\$ 5,269,070.	\$ 5,451,027.	\$ 5,361,622.	\$ 5,607,001.	\$ 5,986,684.	\$ 5,932,176.	\$ 6,469,370.	\$ 6,860,293.	\$ 7,582,900.	\$ 7,969,444.
Business-type activities:										
Food service	143,196.	158,952.	159,755.	175,702.	174,081.	155,199.	175,216.	176,287.	210,173.	197,747.
Total business-type activities expense	143,196.	158,952.	159,755.	175,702.	174,081.	155,199.	175,216.	176,287.	210,173.	197,747.
Total district expenses	\$ 5,412,266.	\$ 5,609,979.	\$ 5,521,377.	\$ 5,782,703.	\$ 6,160,765.	\$ 6,087,375.	\$ 6,644,586.	\$ 7,036,580.	\$ 7,793,073.	\$ 8,167,191.
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Internal Service Fund	\$ 57,313.	\$ 84,576.	\$ 61,287.	\$ 70,446.	\$ 58,572.	\$ 59,743.	\$ 60,938.	\$ 62,157.	\$ 63,401.	\$ 64,669.
Operating grants and contributions	301,861.	299,694.	287,116.	358,483.	431,471.	400,362.	984,358.	1,181,197.	1,679,133.	2,325,074.
Total governmental activities program revenues	359,174.	384,270.	348,403.	428,929.	490,043.	460,105.	1,045,296.	1,243,354.	1,742,534.	2,389,743.
Business-type activities:										
Charges for services:										
Food service	70,286.	51,990.	71,658.	60,534.	53,759.	53,070.	59,375.	66,393.	65,939.	64,804.
Operating grants and contributions	86,410.	113,230.	105,952.	117,234.	121,361.	112,243.	121,990.	132,319.	137,002.	133,097.
Total business type activities program revenues	156,696.	165,220.	177,610.	177,768.	175,120.	165,313.	181,365.	198,712.	202,941.	197,901.
Total district program revenues	\$ 515,870.	\$ 549,490.	\$ 526,013.	\$ 606,697.	\$ 665,163.	\$ 625,418.	\$ 1,226,661.	\$ 1,442,066.	\$ 1,945,475.	\$ 2,587,644.

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (4,909,896.)	\$ (5,066,757.)	\$ (5,013,219.)	\$ (5,178,072.)	\$ (5,496,641.)	\$ (5,472,071.)	\$ (5,424,074.)	\$ (5,616,939.)	\$ (5,840,366.)	\$ (5,579,701.)
Business-type activities	13,500.	6,268.	17,855.	2,066.	1,039.	10,114.	6,149.	22,425.	(7,232.)	154.
Total district-wide net expense	\$ (4,896,396.)	\$ (5,060,489.)	\$ (4,995,364.)	\$ (5,176,006.)	\$ (5,495,602.)	\$ (5,461,957.)	\$ (5,417,925.)	\$ (5,594,514.)	\$ (5,847,598.)	\$ (5,579,547.)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 2,119,361.	\$ 2,139,361.	\$ 2,197,331.	\$ 2,248,892.	\$ 2,293,870.	\$ 2,381,276.	\$ 2,449,544.	\$ 2,498,534.	\$ 2,565,108.	\$ 2,667,712.
Taxes levied for debt service	281,010.	276,596.	293,190.	257,629.	241,042.	109,681.	147,981.	140,807.	135,681.	135,681.
Grants and contributions	2,755,518.	2,838,741.	2,868,107.	3,155,519.	2,911,572.	2,837,015.	2,771,110.	2,846,480.	2,835,613.	2,919,684.
Tuition Received	18,602.	3,361.	0.	0.	0.	57,686.	92,499.	48,583.	60,757.	43,816.
Investment earnings	8,978.	1,484.	1,397.	442.	801.	368.	215.	1,526.	4,439.	12,825.
Miscellaneous income	65,108.	3,543.	6,076.	7,808.	10,929.	19,985.	8,189.	2,431.	3,749.	3,483.
Adjustment to fixed assets	0.	0.	0.	0.	0.	0.	0.	0.	(261.)	0.
Prior year adjustment	0.	0.	0.	0.	0.	(176.)	(365,302.)	0.	0.	0.
Excess proceeds from issuance of refunding of bonds	0.	0.	11,127.	0.	0.	0.	0.	0.	0.	0.
Transfers	0.	0.	0.	10,000.	0.	0.	8,000.	0.	0.	0.
Total governmental activities	5,248,577.	5,263,086.	5,377,228.	5,680,290.	5,458,214.	5,405,835.	5,112,236.	5,538,361.	5,605,086.	5,783,201.
<b>Business-type activities:</b>										
Adjustment to fixed assets	0.	0.	0.	0.	0.	0.	0.	0.	1,717.	0.
Transfers	0.	0.	0.	(10,000.)	0.	0.	(8,000.)	0.	0.	0.
Total business-type activities	0.	0.	0.	(10,000.)	0.	0.	(8,000.)	0.	1,717.	0.
Total district-wide	\$ 5,248,577.	\$ 5,263,086.	\$ 5,377,228.	\$ 5,670,290.	\$ 5,458,214.	\$ 5,405,835.	\$ 5,104,236.	\$ 5,538,361.	\$ 5,606,803.	\$ 5,783,201.
<b>Change in Net Position</b>										
Governmental activities	\$ 338,681.	\$ 196,329.	\$ 364,009.	\$ 502,218.	\$ (38,427.)	\$ (66,236.)	\$ (311,838.)	\$ (78,578.)	\$ (235,280.)	\$ 203,500.
Business-type activities	13,500.	6,268.	17,855.	(7,934.)	1,039.	10,114.	(1,851.)	22,425.	(5,515.)	154.
Total district	\$ 352,181.	\$ 202,597.	\$ 381,864.	\$ 494,284.	\$ (37,388.)	\$ (56,122.)	\$ (313,689.)	\$ (56,153.)	\$ (240,795.)	\$ 203,654.

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$476,357.	\$515,235.	\$460,192.	\$595,999.	\$414,944.	\$420,802.	\$550,272.	\$551,315.	\$472,959.	\$761,304.
Unreserved	58,541.	19,857.	62,674.	63,393.	37,569.	53,080.	27,266.	33,925.	47,366.	32,309.
Total general fund	\$534,898.	\$535,092.	\$522,866.	\$659,392.	\$452,513.	\$473,882.	\$577,538.	\$585,240.	\$520,325.	\$793,613.
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue fund	\$ (9,579.)	\$ (10,248.)	\$ (10,248.)	\$ (6,833.)	\$ (5,569.)	\$ (7,858.)	\$ (7,858.)	\$ (8,573.)	\$ (5,715.)	\$ (12,145.)
Capital projects fund	0.	0.	156,907.	15,657.	15,657.	0.	0.	0.	0.	0.
Debt service fund	2.	2.	12,461.	12,461.	1.	1.	1.	2.	1.	0.
Total all other governmental funds	\$ (9,577.)	\$ (10,246.)	\$ 159,120.	\$ 21,285.	\$ 10,089.	\$ (7,857.)	\$ (7,857.)	\$ (8,571.)	\$ (5,714.)	\$ (12,145.)

Source: CAFR Schedule B-1

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax levy	\$ 2,400,371.	\$ 2,415,957.	\$ 2,490,521.	\$ 2,506,521.	\$ 2,534,912.	\$ 2,490,957.	\$ 2,597,525.	\$ 2,639,341.	\$ 2,700,789.	\$ 2,803,393.
Tuition charges	18,602.	3,361.	0.	0.	0.	57,686.	92,499.	48,583.	60,757.	43,816.
Interest earnings	8,978.	1,484.	1,397.	442.	801.	368.	215.	1,526.	4,439.	12,825.
Miscellaneous	65,108.	3,543.	6,076.	7,808.	10,929.	19,985.	8,189.	2,431.	3,749.	3,483.
State sources	2,830,630.	2,489,432.	2,858,330.	3,147,400.	3,094,358.	2,984,104.	3,013,866.	3,115,971.	3,229,755.	3,447,511.
Federal sources	226,749.	649,003.	296,893.	366,603.	248,684.	253,273.	222,220.	259,449.	244,143.	233,267.
<b>Total revenue</b>	<b>5,550,438.</b>	<b>5,562,780.</b>	<b>5,653,217.</b>	<b>6,028,774.</b>	<b>5,889,684.</b>	<b>5,806,373.</b>	<b>5,934,514.</b>	<b>6,067,301.</b>	<b>6,243,632.</b>	<b>6,544,295.</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular instruction	1,734,421.	1,439,960.	1,441,541.	1,506,149.	1,571,749.	1,433,118.	1,586,332.	1,481,516.	1,517,355.	1,628,661.
Special education instruction	343,078.	514,672.	540,376.	555,519.	519,706.	629,610.	675,908.	684,907.	631,499.	641,411.
Other special instruction	50,150.	112,974.	45,527.	42,696.	38,000.	640.	743.	23,234.	23,193.	42,188.
Other instruction	13,648.	13,951.	2,447.	2,089.	8,096.	2,819.	2,602.	2,132.	10,741.	15,531.
<b>Support Services:</b>										
Tuition	208,872.	312,639.	307,919.	411,178.	545,736.	554,228.	250,281.	343,912.	373,532.	158,492.
Student & instruction related services	363,921.	330,367.	305,822.	317,629.	416,865.	436,882.	558,810.	629,193.	669,372.	676,533.
General administration	238,196.	219,212.	230,714.	236,894.	259,478.	215,297.	238,355.	251,443.	246,817.	250,082.
School administrative services	69,561.	106,552.	69,386.	80,396.	61,103.	68,637.	71,419.	74,431.	72,854.	80,344.
Central services	124,837.	145,419.	141,059.	137,671.	137,159.	120,340.	125,914.	121,590.	149,947.	157,532.
Plant operations and maintenance	465,109.	419,130.	393,733.	381,427.	362,068.	406,559.	413,915.	424,920.	410,439.	438,414.
Pupil transportation	321,962.	388,255.	354,217.	363,822.	383,264.	434,705.	373,423.	388,243.	452,830.	339,750.
Employee benefits	995,539.	1,048,432.	1,132,999.	1,217,156.	1,346,740.	1,342,163.	1,320,389.	1,415,509.	1,509,795.	1,639,747.
Charter schools	0.	0.	0.	0.	0.	0.	8,981.	40,533.	49,390.	24,322.
Capital outlay	367,223.	59,561.	106,401.	409,822.	78,140.	48,095.	59,883.	50,801.	52,244.	53,749.
Debt service:										
Principal	375,812.	345,000.	340,000.	330,000.	325,000.	65,000.	105,000.	100,000.	100,000.	100,000.
Interest and other charges	117,106.	107,131.	95,063.	64,634.	54,656.	44,681.	42,981.	40,806.	35,682.	35,682.
<b>Total expenditures</b>	<b>5,789,435.</b>	<b>5,563,255.</b>	<b>5,507,204.</b>	<b>6,057,082.</b>	<b>6,107,760.</b>	<b>5,802,774.</b>	<b>5,834,936.</b>	<b>6,073,170.</b>	<b>6,305,690.</b>	<b>6,282,438.</b>



**DEERFIELD TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess (deficiency) of revenues over (under) expenditures	\$ (238,997.)	\$ (475.)	\$ 146,013.	\$ (28,308.)	\$ (218,076.)	\$ 3,599.	\$ 99,578.	\$ (5,869.)	\$ (62,058.)	\$ 261,857.
Other Financing Sources/(Uses):										
Prior year adjustment	0.	0.	0.	0.	0.	(176.)	0.	0.	0.	0.
Capital leases (non-budgeted)	308,140.	0.	0.	0.	0.	0.	0.	0.	0.	0.
Excess Proceeds from refunding	0.	0.	11,127.	0.	0.	0.	0.	0.	0.	0.
Transfers in	471.	0.	169,089.	27,000.	0.	15,481.	11,935.	5,000.	0.	5,000.
Transfers out	(471.)	0.	(169,089.)	0.	0.	(15,481.)	0.	0.	0.	0.
Total other financing sources (uses)	308,140.	0.	11,127.	27,000.	0.	(176.)	11,935.	5,000.	0.	5,000.
Net change in fund balances	\$ 69,143.	\$ (475.)	\$ 157,140.	\$ (1,308.)	\$ (218,076.)	\$ 3,423.	\$ 111,513.	\$ (869.)	\$ (62,058.)	\$ 266,857.
Debt Service as a Percentage of Noncapital Expenditures	9.09%	8.22%	8.06%	6.99%	6.30%	1.91%	2.56%	2.34%	2.17%	2.18%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

EXHIBIT J-5

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

Fiscal Year Ended June 30	Interest On Interest	Miscellaneous	Tuition	Total
2009	\$ 8,978.	\$ 14,808.	\$ 18,602.	\$ 42,388.
2010	1,484.	68.	3,361.	4,913.
2011	1,397.	2,047.	0.	3,444.
2012	442.	4,672.	0.	5,114.
2013	801.	6,683.	0.	7,484.
2014	368.	19,985.	57,686.	78,039.
2015	215.	4,168.	92,499.	96,882.
2016	1,526.	546.	48,583.	50,655.
2017	4,439.	3,749.	60,757.	68,945.
2018	12,825.	605.	43,816.	57,246.

Source: District records

## **REVENUE CAPACITY**

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

	Year Ended Dec. 31	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
Deerfield Township	2008	\$ 183,451,765.	\$ 248,607,502.	73.79%
	2009	186,638,215.	231,679,673.	80.56%
	2010	185,633,978.	225,667,615.	82.26%
	2011	187,619,461.	224,370,817.	83.62%
	2012	189,386,599.	216,339,370.	87.54%
	2013	187,959,971.	209,337,794.	89.79%
	2014	189,201,358.	203,791,220.	92.84%
	2015	189,208,919.	197,598,153.	95.75%
	2016	189,991,364.	199,312,993.	95.32%
	2017	191,057,852.	196,742,935.	97.11%

Source: Abstract of Ratables, County Board of Taxation

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

Fiscal Year Ended June 30,	Deerfield Township School Direct Rate				Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Cumberland Regional School Dist.	Deerfield Township	Cumberland County			
2008	N/A	N/A	1.309	0.612	0.011	1.291	3.223		
2009	N/A	N/A	1.295	0.526	0.011	1.116	2.948		
2010	N/A	N/A	1.342	0.529	0.011	1.098	2.980		
2011	N/A	N/A	1.336	0.542	0.050	1.147	3.075		
2012	N/A	N/A	1.339	0.472	0.071	1.089	2.971		
2013	N/A	N/A	1.326	0.487	0.081	1.098	2.992		
2014	N/A	N/A	1.373	0.517	0.081	1.122	3.093		
2015	N/A	N/A	1.395	0.558	0.080	1.154	3.187		
2016	N/A	N/A	1.422	0.618	0.090	1.176	3.306		
2017	N/A	N/A	1.468	0.593	0.090	1.194	3.345		

Source: Municipal Tax Collector

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

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

EXHIBIT J-8

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
GST NON-EXEMPT	\$ 4,859,200.	1	2.54%			
F&S Realty Association	2,438,500.	2	1.28%	\$ 2,541,500.	2	1.39%
Pipetone Realty LLC	2,096,000.	3	1.10%	2,153,500.	3	1.17%
Crop Production Services	853,400.	4	0.45%			
S&L Realty Association	755,300.	5	0.40%			
Verizon NJ	683,551.	6	0.36%			
Taxpayer #1	597,600.	7	0.31%			
Lartland, LLC	564,200.	8	0.30%			
556 Irving Ave, LLC	553,300.	9	0.29%	553,300.	10	0.30%
4 Star R.E. LLC	547,600.	10	0.29%			
Taxpayer #2						
LoBiondo Motor Express				8,654,900.	1	4.72%
Taxpayer #3				1,514,400.	4	0.83%
Taxpayer #4				1,335,200.	5	0.73%
The Pike Lanes Family Center				1,720,500.	6	0.94%
Taxpayer #5				819,100.	7	0.45%
Taxpayer #6				814,400.	8	0.44%
				764,500.	9	0.42%
Total	\$ 13,948,651.		7.30%	\$ 20,871,300.		11.38%

Source: Municipal Tax Assessor

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levies For and Collections	Collected Within the Fiscal Year of the Levy (a)		Collection in Subsequent Year
		Amount	Percentage of Levy	
2009	\$ 2,400,371.	\$ 2,400,371.	100.00%	
2010	2,415,957.	2,415,957.	100.00%	
2011	2,490,521.	2,490,521.	100.00%	
2012	2,506,521.	2,506,521.	100.00%	
2013	2,293,870.	2,293,870.	100.00%	
2014	2,490,957.	2,490,957.	100.00%	
2015	2,597,525.	2,597,525.	100.00%	
2016	2,639,341.	2,639,341.	100.00%	
2017	2,700,789.	2,700,789.	100.00%	
2018	2,667,712.	2,667,712.	100.00%	

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

- a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipal 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 the school year.

## **DEBT CAPACITY**



DEERFIELD TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT TYPE  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2009	\$ 2,628,000.	\$ 0.	\$ 431,670.	\$ 0.	\$ 0.	\$ 3,059,670.	2.878%	\$ 939.	
2010	2,283,000.	0.	348,936.	0.	0.	2,631,936.	2.416%	808.	
2011	2,015,000.	0.	320,505.	0.	0.	2,335,505.	2.172%	747.	
2012	1,685,000.	0.	262,895.	0.	0.	1,947,895.	1.760%	623.	
2013	1,360,000.	0.	202,593.	0.	0.	1,562,593.	1.410%	500.	
2014	1,295,000.	0.	172,337.	0.	0.	1,467,337.	1.308%	469.	
2015	1,190,000.	0.	140,757.	0.	0.	1,330,757.	1.201%	426.	
2016	1,090,000.	0.	107,795.	0.	0.	1,197,795.	1.066%	387.	
2017	990,000.	0.	73,391.	0.	0.	1,063,391.	0.923%	345.	
2018	890,000.	0.	37,481.	0.	0.	927,481.	N/A	303.	

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Net General Bonded Debt Outstanding	Deductions		
2009	\$ 2,628,000.	\$ 2,628,000.		1.43%	\$ 81.
2010	2,283,000.	2,283,000.		1.22%	68.
2011	2,015,000.	2,015,000.		1.09%	59.
2012	1,685,000.	1,685,000.		0.90%	48.
2013	1,360,000.	1,360,000.		0.72%	38.
2014	1,295,000.	1,295,000.		0.69%	36.
2015	1,190,000.	1,190,000.		0.63%	34.
2016	1,090,000.	1,090,000.		0.58%	30.
2017	990,000.	990,000.		0.52%	26.
2018	890,000.	890,000.		N/A	N/A

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

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

b Population data can be found in Exhibit NJ J-14

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
<b>Debt Repaid With Property Taxes:</b>			
Deerfield Township	\$ 469,983	100.000%	\$ 469,983.
County of Cumberland - Township's Share	85,432,863.	2.252%	1,923,948.
<b>Other Debt</b>			
Cumberland Regional School District - Township's Share	852,813.	100.000%	<u>852,813.</u>
Subtotal, Overlapping Debt			3,246,744.
Deerfield Township School District Direct Debt			890,000.
<b>Total Direct &amp; Overlapping Debt</b>			<u><u>\$ 4,136,744.</u></u>

**Sources:** Assessed value data used to estimate applicable percentages provided by County Board of Taxation.  
Debt outstanding data provided by each government unit.

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

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

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 6,530,276.	\$ 6,919,863.	\$ 6,709,840.	\$ 6,566,474.	\$ 6,410,732.	\$ 6,217,112.	\$ 6,042,946.	\$ 5,910,335.	\$ 5,845,428.	\$ 5,840,586.
Total Net Debt Applicable to Limit	2,628,000.	2,283,000.	2,015,000.	1,685,000.	1,360,000.	1,295,000.	1,190,000.	1,090,000.	990,000.	890,000.
Legal Debt Margin	\$ 3,902,276.	\$ 4,636,863.	\$ 4,694,840.	\$ 4,881,474.	\$ 5,050,732.	\$ 4,922,112.	\$ 4,852,946.	\$ 4,820,335.	\$ 4,855,428.	\$ 4,950,586.
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	40.24%	32.99%	30.03%	25.66%	21.21%	20.83%	19.69%	18.44%	16.94%	15.24%

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis	
2017	\$ 194,585,139.
2016	193,710,529.
2015	195,762,928.
	<u>\$ 584,058,596.</u>

Average Equalized Valuation of Taxable Property

Debt Limit (3 % of Average Equalization Value)	5,840,586. (a)
Total Net Debt Applicable to Limit	890,000.
Legal Debt Margin	<u>\$ 4,950,586.</u>

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

(a) Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**DEMOGRAPHIC AND ECONOMIC  
INFORMATION**

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income ( c )	Unemployment Rate (d)
2008	3,258	\$ 106,305,282.	\$ 32,629.	5.30%
2009	3,257	108,930,365.	33,445.	9.20%
2010	3,126	107,531,274.	34,399.	9.90%
2011	3,125	110,665,625.	35,413.	11.40%
2012	3,124	110,802,032.	35,468.	12.80%
2013	3,131	112,168,075.	35,825.	8.30%
2014	3,123	110,766,564.	35,468.	9.50%
2015	3,099	112,348,047.	36,253.	7.70%
2016	3,083	115,190,129.	37,363.	6.20%
2017	3,057	N/A	N/A	4.90%

**Source:**

- a Population information provided by the NJ Dept of Labor and Workforce Development
- b Personal income has been estimated based upon the municipal population and per capita personal income presented
- c Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis
- d Unemployment data provided by the N.J. Dept. of Labor and Workforce Development



## **OPERATING INFORMATION**



DEERFIELD TOWNSHIP BOARD OF EDUCATION  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction:										
Regular	28.0	24.0	24.0	24.0	24.0	22.2	24.0	23.0	23.0	24.0
Special Education	6.0	8.0	6.0	6.0	6.5	5.5	5.5	5.5	5.5	7.1
Support Services:										
Student & Instruction Related Services	3.0	3.0	3.0	3.0	3.0	2.5	3.5	4.5	5.3	4.5
General Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Business Administrative Services	1.5	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.6
Plant Operations & Maintenance	1.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total</b>	<b>44.0</b>	<b>42.0</b>	<b>39.5</b>	<b>39.5</b>	<b>40.0</b>	<b>36.2</b>	<b>39.0</b>	<b>39.0</b>	<b>39.8</b>	<b>42.2</b>

Source: District Personnel Records

DEERFIELD TOWNSHIP BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change In Average Daily Enrollment	Student Attendance Percentage
2009	360	\$ 4,929,294.	\$ 13,692.	(1.52)%	34.0	10:1	360.0	343.6	0.56%	95.78%
2010	385	5,051,563.	13,121.	(4.51)%	32.0	12:1	385.3	367.8	7.03%	95.45%
2011	373	4,965,740.	13,313.	1.46%	30.0	12:1	373.2	357.1	(3.14)%	95.69%
2012	360	5,252,626.	14,591.	9.60%	30.0	12:1	357.1	340.4	(4.31)%	95.32%
2013	347	5,649,964.	16,282.	11.59%	30.2	11.5:1	326.9	314.3	(8.45)%	96.15%
2014	331	5,644,998.	17,055.	4.75%	27.7	12:1	336.5	316.7	2.93%	94.12%
2015	334	5,672,072.	16,848.	(1.21)%	29.5	11:1	336.9	320.9	0.12%	95.25%
2016	327	5,841,815.	17,845	5.92%	28.5	12:1	327.2	314.6	(1.96)%	96.15%
2017	321	6,117,764.	19,058	6.80%	28.5	11:1	321.7	305.6	(1.68)%	95.00%
2018	335	6,093,007.	18,188	(4.57)%	31.1	11:1	329.7	312.9	2.49%	94.90%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on June 2018 Attendance Summary

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4.
- 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).

DEERFIELD TOWNSHIP BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Elementary:</u>										
Deerfield Elementary School										
Square Feet	61,936	61,936	61,936	61,936	61,936	61,936	61,936	61,936	61,936	61,936
Capacity (Students)										
Enrollment	360	385	373	360	347	331	334	327	321	335

Number of Schools at June 30, 2018:  
 Elementary = 1

The capacity was unavailable for 2009 thru 2018.

Source: District records,

Note: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of additions.  
 Enrollment is based on the year end Attendance Report.

DEERFIELD TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS

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

School Facilities	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Deerfield Township School	\$ 33,605.	\$ 31,434.	\$ 31,029.	\$ 41,090.	\$ 30,614.	\$ 93,451.	\$ 84,976.	\$ 95,177.	\$ 104,385.	\$ 121,503.
Total School Facilities	33,605.	31,434.	31,029.	41,090.	30,614.	93,451.	84,976.	95,177.	104,385.	121,503.
Total	\$ 33,605.	\$ 31,434.	\$ 31,029.	\$ 41,090.	\$ 30,614.	\$ 93,451.	\$ 84,976.	\$ 95,177.	\$ 104,385.	\$ 121,503.

Source: District records

DEERFIELD TOWNSHIP BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2018  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ School Board Association Insurance Group		
Property - Blanket Building & Contents	\$ 500,000,000.	\$ 5,000.
Blanket Extra	50,000,000.	5,000.
Blanket Valuable Paper & Records	10,000,000.	5,000.
Electronic Data Processing	98,000.	1,000.
Boiler and Machinery	100,000,000.	5,000.
General Liability	6,000,000.	
Automobile	6,000,000.	
Crime	100,000.	1,000.
Errors and Omissions	6,000,000.	10,000.
Workmen's Compensation	2,000,000.	
Flood	75,000,000.	
Earthquake	50,000,000.	
Terrorism	1,000,000.	
Demolition	25,000,000.	
Limited Builders Risk	10,000,000.	
Fire Department SC	10,000.	
Arson Reward	10,000.	
Pollutant Cleanup	250,000.	
Accounts Receivable	250,000.	
Environmental - Zurich	1,000,000.	250,000.
Student Accident - United States Fire Insurance Co	5,000,000.	25,000.
Student Accident - Basic - Berkley Life & Health Insurance Company	1,000,000.	
Public Employees' Faithful Performance Bonds		
NJ School Board Association Insurance Group		
Surety Bond - Treasurer - Janet Coleman	185,000.	
Surety Bond - Board Secretary/Business Administrator - Melanie Allen	35,000.	
Surety Bond - All Other	35,000.	

Source: District Records

## **SINGLE AUDIT SECTION**

K-1

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Deerfield Township School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Deerfield Township Board of Education's basic financial statements, and have issued our report thereon dated February 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Deerfield Township Board of Education'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 Deerfield Township Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Deerfield Township Board of Education'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 weakness 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 Deerfield Township Board of Education'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 Office of School 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*, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Samuel A. Delp, Jr.  
Public School Accountant, #745  
Triantos & Delp  
Certified Public Accountants, LLC

February 14, 2019





CERTIFIED PUBLIC ACCOUNTANTS, LLC

Thinking ahead to  
achieve success.

MEMBERS:  
• American Institute of  
Certified Public Accountants  
• New Jersey Society of  
Certified Public Accountants

Wayne H. Triantos, CPA  
Samuel A. Delp, Jr., CPA

K-2

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS, AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE  
AWARDS, REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Deerfield Township School District, 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 Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Deerfield Township Board of Education's major state programs for the year ended June 30, 2018. Deerfield Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Board of Education of the 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 its major state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Deerfield Township Board of Education 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 Deerfield Township Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance, and the New Jersey State Aid/Grant Compliance Supplement, 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 Deerfield Township Board of Education'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 the 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 Uniform Guidance and NJ OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Samuel A. Delp, Jr.  
Public School Accountant, #745  
Triantos & Delp  
Certified Public Accountants, LLC

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal FAIN No.	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance 06/30/17	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments
U.S. Department of Education Passed through State Department of Education: Special Revenue Fund:										
Title I, Part A	84.010	S010A150030	NCLB-102018	\$ 114,043.	07/01/17 - 06/30/18	\$ 0.	\$ 0.	\$ 0.	\$ (117,314.)	\$ 0.
Title I, Part A	84.010	S010A150030	NCLB-102017	105,082.	07/01/16 - 06/30/17	(108,293.)	0.	109,078.	0.	0.
Title II, Part A	84.168	S367A150029	NCLB-102018	10,430.	07/01/17 - 06/30/18	0.	0.	0.	(11,386.)	0.
Title II, Part A	84.168	S367A150029	NCLB-102017	21,745.	07/01/16 - 06/30/17	(24,081.)	0.	24,081.	0.	0.
I.D.E.A. Part B, Basic	84.027	H027A150100	FT-102018	90,352.	07/01/17 - 06/30/18	0.	0.	0.	(90,352.)	0.
I.D.E.A. Part B, Preschool	84.176	H173A150114	PS-102018	2,387.	07/01/17 - 06/30/18	0.	0.	0.	0.	0.
REAP	84.358A			21,403.	07/01/17 - 06/30/18	0.	0.	0.	(14,672.)	0.
REAP	84.358A			15,737.	07/01/16 - 09/30/17	0.	0.	588.	(588.)	0.
Total Special Revenue Fund						(132,374.)	0.	133,747.	(234,312.)	0.
U.S. Department of Agriculture Passed through State Department of Education: Enterprise Fund:										
Food Distribution Program	10.550	1616NU304N1099	N/A	14,732.	07/01/17 - 06/30/18	0.	0.	14,732.	(13,547.)	0.
Food Distribution Program	10.550	1616NU304N1099	N/A	17,045.	07/01/16 - 06/30/17	2,187.	0.	0.	(2,187.)	0.
National School Breakfast Program	10.553	1616NU304N1099	N/A	27,267.	07/01/17 - 06/30/18	0.	0.	24,782.	(27,267.)	0.
National School Breakfast Program	10.553	1616NU304N1099	N/A	27,147.	07/01/16 - 06/30/17	(7,531.)	0.	7,531.	0.	0.
National School Lunch Program	10.555	1616NU304N1099	N/A	88,969.	07/01/17 - 06/30/18	0.	0.	82,246.	(88,969.)	0.
National School Lunch Program	10.555	1616NU304N1099	N/A	90,720.	07/01/16 - 06/30/17	(24,441.)	0.	24,441.	0.	0.
Total Enterprise Fund						(29,785.)	0.	153,732.	(131,970.)	0.
Total Federal Financial Awards						\$ (162,159.)	\$ 0.	\$ 287,479.	\$ (366,282.)	\$ 0.

The Accompanying Notes to Schedules of Expenditures of Federal Awards and Financial Assistance are an Integral Part of this Schedule.

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal FAIN No.	Grant or State Project Number	Program or Award Amount	Grant Period From To	Repayment of Prior Years Bal.	Balance at June 30, 2018		Note Reference
							Accounts Receivable	Deferred Revenue	
U.S. Department of Education Passed through State Department of Education: Special Revenue Fund:									
Title I, Part A	84.010	S010A150030	NCLB-102018	\$ 114,043.	07/01/17 - 06/30/18	\$ 0.	\$ (117,314.)	\$ 0.	0.
Title I, Part A	84.010	S010A150030	NCLB-102017	105,082.	07/01/16 - 06/30/17	0.	0.	0.	785.
Title II, Part A	84.168	S367A150029	NCLB-102018	10,430.	07/01/17 - 06/30/18	0.	(11,386.)	0.	0.
Title II, Part A	84.168	S367A150029	NCLB-102017	21,745.	07/01/16 - 06/30/17	0.	0.	0.	0.
I.D.E.A. Part B, Basic	84.027	H027A150100	FT-102018	90,352.	07/01/17 - 06/30/18	0.	(90,352.)	0.	0.
I.D.E.A. Part B, Preschool	84.176	H173A150114	PS-102018	2,387.	07/01/17 - 06/30/18	0.	0.	0.	0.
REAP	84.358A			21,403.	07/01/17 - 06/30/18	0.	(14,672.)	0.	0.
REAP	84.358A			15,737.	07/01/16 - 09/30/17	0.	0.	0.	0.
Total Special Revenue Fund						0.	(233,724.)	0.	785.
U.S. Department of Agriculture Passed through State Department of Education: Enterprise Fund:									
Food Distribution Program	10.550	1616NJ304N1099	N/A	14,732.	07/01/17 - 06/30/18	0.	0.	1,185.	0.
Food Distribution Program	10.550	1616NJ304N1099	N/A	17,045.	07/01/16 - 06/30/17	0.	0.	0.	0.
National School Breakfast Program	10.553	1616NJ304N1099	N/A	27,267.	07/01/17 - 06/30/18	0.	(2,485.)	0.	0.
National School Breakfast Program	10.553	1616NJ304N1099	N/A	27,147.	07/01/16 - 06/30/17	0.	0.	0.	0.
National School Lunch Program	10.555	1616NJ304N1099	N/A	88,969.	07/01/17 - 06/30/18	0.	(6,723.)	0.	0.
National School Lunch Program	10.555	1616NJ304N1099	N/A	90,720.	07/01/16 - 06/30/17	0.	0.	0.	0.
Total Enterprise Fund						0.	(9,208.)	1,185.	0.
Total Federal Financial Awards						\$ 0.	\$ (242,932.)	\$ 1,185.	\$ 785.

The Accompanying Notes to Schedules of Expenditures of Federal Awards and Financial Assistance are an Integral Part of this Schedule.

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project No.	Program or Award Amount	Grant Period		Balance at June 30, 2017		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances
			From	To	Def. Rev. (Accts Re.)	Due to Grantor				
State Department of Education:										
General Fund:										
Equalization Aid	18-495-034-5120-078	\$ 2,293,160.	07/01/17	06/30/18	\$ 0.	\$ 0.	\$ 0.	\$ 2,293,160.	\$ (2,293,160.)	\$ 0.
Transportation Aid	18-495-034-5120-014	22,206.	07/01/17	06/30/18	0.	0.	0.	22,206.	(22,206.)	0.
Special Education Categorical Aid	18-495-034-5120-089	194,666.	07/01/17	06/30/18	0.	0.	0.	194,666.	(194,666.)	0.
Security Aid	18-495-034-5120-084	45,634.	07/01/17	06/30/18	0.	0.	0.	45,634.	(45,634.)	0.
PARCC Readiness Aid	18-495-034-5120-098	3,220.	07/01/17	06/30/18	0.	0.	0.	3,220.	(3,220.)	0.
Per Pupil Growth Aid	18-495-034-5120-097	3,220.	07/01/17	06/30/18	0.	0.	0.	3,220.	(3,220.)	0.
Professional Learning Comm Aid	18-495-034-5120-101	3,110.	07/01/17	06/30/18	0.	0.	0.	3,110.	(3,110.)	0.
On Behalf Long Term Disability Ins	18-495-034-5095-004	698.	07/01/17	06/30/18	0.	0.	0.	698.	(698.)	0.
On Behalf Post Retirement Medical	18-495-034-5095-001	226,018.	07/01/17	06/30/18	0.	0.	0.	226,018.	(226,018.)	0.
On Behalf TPAF Pension Contribution	18-495-034-5095-002	349,938.	07/01/17	06/30/18	0.	0.	0.	349,938.	(349,938.)	0.
Reimbursed TPAF Social Security Contributions	18-495-034-5095-003	184,440.	07/01/17	06/30/18	0.	0.	0.	166,095.	(184,440.)	0.
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	173,159.	07/01/16	06/30/17	(34,155.)	0.	0.	34,155.	0.	0.
Extraordinary Aid	18-100-034-5120-473	19,666.	07/01/17	06/30/18	0.	0.	0.	0.	(19,666.)	0.
Extraordinary Aid	17-100-034-5120-473	17,232.	07/01/16	06/30/17	(17,232.)	0.	0.	17,232.	0.	0.
Additional Non-Public Transportation	18-495-034-5120	4,640.	07/01/17	06/30/18	0.	0.	0.	0.	(4,640.)	0.
Additional Non-Public Transportation	17-495-034-5120	2,958.	07/01/16	06/30/17	(2,958.)	0.	0.	2,958.	0.	0.
Total General Fund					(54,345.)	0.	0.	3,362,310.	(3,350,616.)	0.
Special Revenue Fund:										
Preschool Education Aid	18-495-034-5120-086	121,448.	07/01/17	06/30/18	0.	0.	1,050.	121,448.	(122,498.)	0.
Preschool Education Aid	17-495-034-5120-086	57,152.	07/01/16	06/30/17	1,050.	0.	(1,050.)	0.	0.	0.
Total Special Revenue Fund					1,050.	0.	0.	121,448.	(122,498.)	0.
State Department of Agriculture:										
Enterprise Fund:										
National School Lunch Program (State Share)	18-100-010-3350-023	2,130.	07/01/17	06/30/18	0.	0.	0.	1,973.	(2,130.)	0.
National School Lunch Program (State Share)	17-100-010-3350-023	2,090.	07/01/16	06/30/17	(562.)	0.	0.	562.	0.	0.
Total Enterprise Fund					(562.)	0.	0.	2,535.	(2,130.)	0.
Total State Financial Assistance					\$ (53,857.)	\$ 0.	\$ 0.	\$ 3,486,293.	\$ (3,475,244.)	\$ 0.

The Accompanying Notes to Schedules of Expenditures of State Awards and Financial Assistance are an Integral Part of this Schedule.

DEERFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Project No.	Grant or State	Program or Award Amount	Grant Period		Balance at June 30, 2018			MEMO	
				From	To	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:										
General Fund:										
Equalization Aid	18-495-034-5120-078		\$ 2,293,160.	07/01/17	06/30/18	\$ 0.	\$ 0.	\$ 0.	214,791.	\$ 2,293,160.
Transportation Aid	18-495-034-5120-014		22,206.	07/01/17	06/30/18	0.	0.	0.	2,221.	22,206.
Special Education Categorical Aid	18-495-034-5120-089		194,666.	07/01/17	06/30/18	0.	0.	0.	19,467.	194,666.
Security Aid	18-495-034-5120-084		45,634.	07/01/17	06/30/18	0.	0.	0.	4,563.	45,634.
PARCC Readiness Aid	18-495-034-5120-098		3,220.	07/01/17	06/30/18	0.	0.	0.	322.	3,220.
Per Pupil Growth Aid	18-495-034-5120-097		3,220.	07/01/17	06/30/18	0.	0.	0.	322.	3,220.
Professional Learning Comm Aid	18-495-034-5120-101		3,110.	07/01/17	06/30/18	0.	0.	0.	311.	3,110.
On Behalf Long Term Disability Ins	18-495-034-5095-004		698.	07/01/17	06/30/18	0.	0.	0.	0.	698.
On Behalf Post Retirement Medical	18-495-034-5095-001		226,018.	07/01/17	06/30/18	0.	0.	0.	0.	226,018.
On Behalf TPAF Pension Contribution	18-495-034-5095-002		349,938.	07/01/17	06/30/18	0.	0.	0.	0.	349,938.
Reimbursed TPAF Social Security Contributions	18-495-034-5095-003		184,440.	07/01/17	06/30/18	(18,345.)	0.	0.	0.	184,440.
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003		173,159.	07/01/16	06/30/17	0.	0.	0.	0.	0.
Extraordinary Aid	18-100-034-5120-473		19,666.	07/01/17	06/30/18	(19,666.)	0.	0.	0.	19,666.
Extraordinary Aid	17-100-034-5120-473		17,232.	07/01/16	06/30/17	0.	0.	0.	0.	0.
Additional Non-Public Transportation	18-495-034-5120		4,640.	07/01/17	06/30/18	(4,640.)	0.	0.	0.	4,640.
Additional Non-Public Transportation	17-495-034-5120		2,958.	07/01/16	06/30/17	0.	0.	0.	0.	0.
Total General Fund						(42,651.)	0.	0.	241,997.	3,350,616.
Special Revenue Fund:										
Preschool Education Aid	18-495-034-5120-086		121,448.	07/01/17	06/30/18	0.	0.	0.	12,145.	122,498.
Preschool Education Aid	17-495-034-5120-086		57,152.	07/01/16	06/30/17	0.	0.	0.	0.	0.
Total Special Revenue Fund						0.	0.	0.	12,145.	122,498.
State Department of Agriculture:										
Enterprise Fund:										
National School Lunch Program (State Share)	18-100-010-3350-023		2,130.	07/01/17	06/30/18	(157.)	0.	0.	0.	2,130.
National School Lunch Program (State Share)	17-100-010-3350-023		2,090.	07/01/16	06/30/17	0.	0.	0.	0.	0.
Total Enterprise Fund						(157.)	0.	0.	0.	2,130.
Total State Financial Assistance						\$ (42,808.)	\$ 0.	\$ 0.	\$ 254,141.	\$ 3,475,244.

The Accompanying Notes to Schedules of Expenditures of State Awards and Financial Assistance are an Integral Part of this Schedule.

**DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2018**

**NOTE 1 - GENERAL**

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

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(19,173) for the general fund and \$(7,475) for the special revenue fund. See the following schedule and Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. There are no differences in the reporting of the food service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 0.	\$ 3,331,443.	\$ 3,331,443.
Special Revenue Fund	233,267.	0.	233,267.
Food Service Fund	133,155.	2,130.	135,285.
Total Financial Assis.	<u>\$ 366,422.</u>	<u>\$ 3,333,573.</u>	<u>\$ 3,699,995.</u>

**DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2018**

**NOTE 4 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 - OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

**NOTE 6 - SUBRECIPIENTS**

The District had no expenditures to subrecipients during the year ended June 30, 2018.

**NOTE 7 - INDIRECT COSTS**

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



**DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Section I – Summary of Auditor’s Results*

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- |    |  |       |             |
|----|--|-------|-------------|
| 1. | Material weakness(es) identified?  | __Yes | <u>x</u> No |
| 2. | Significant Deficiencies identified that are not considered to be material weaknesses? | __Yes | <u>x</u> No |

Noncompliance material to general purpose financial statements noted?	__Yes	<u>x</u> No
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**Federal Awards**

N/A – No major federal programs.

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000.</u>
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Auditee qualified as low risk auditee?	<u>x</u> Yes	__No
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Type of auditor’s report issued on compliance for major programs:	<u>Unmodified</u>
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Internal Control over major programs:

- |    |  |       |             |
|----|--|-------|-------------|
| 1. | Material weakness(es) identified?  | __Yes | <u>x</u> No |
| 2. | Significant Deficiencies identified that are not considered to be material weaknesses? | __Yes | <u>x</u> No |

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08?	__Yes	<u>x</u> No
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Identification of major programs:

<b><u>GMIS Number(s)</u></b>	<b><u>Name of State Program</u></b>
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-101	Professional Learning Community Aid

**DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Section II – Financial Statement Findings*

None Reported

*Section III – Federal Awards and State Financial Assistance  
Findings and Questioned Costs*

**Federal Awards**

None Reported

**State Awards**

None Reported

**DEERFIELD TOWNSHIP SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**STATUS OF PRIOR YEAR FINDINGS**

None Reported