

SCHOOL DISTRICT

OF

DEAL

Deal Board of Education
Deal, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

DEAL SCHOOL DISTRICT

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INTRODUCTORY SECTION



**OFFICE OF THE SUPERINTENDENT
DEAL SCHOOL DISTRICT
201 ROSELD AVENUE, DEAL, NEW JERSEY 07723-1098**

Donato J. Saponaro, Jr.
Superintendent of Schools
Office: 732-531-0480
Fax: 732-531-1908

November 12, 2019

Honorable President and
Members of the Board of Education
Borough of Deal School District
Roseld Avenue
Deal, New Jersey 07723

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Deal School District (“District”) for the fiscal year ended June 30, 2019, 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 Deal Board of Education (“Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District’s organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the general purpose fund financial statements and schedules, as well as the auditor’s report thereon. The statistical section includes selected financial statements and demographic information, generally presented on a multi-year basis. Information related to the 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.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments, OMB Circular Uniform Guidance and the New Jersey OMB Circular 15-08, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this single audit, including the auditors’ 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:

Deal School District is an Independent reporting entity as set forth in Section 2100 of the *GASB Codification of Government Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Deal Board of Education and its school constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels kindergarten through eight. These include regular as well as special education for gifted and handicapped youngsters. The District completed the 2018-2019 fiscal year with an enrollment of 171 students. The following details the changes in the student enrollment of the District over the last ten years.

| <u>Fiscal Year</u> | <u>Average Daily Enrollment Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|--|-----------------------|
| 2018-19 | 168 | .6 |
| 2017-18 | 167 | 1.2 |
| 2016-17 | 165 | 1.2 |
| 2015-16 | 163 | 1.2 |
| 2014-15 | 161 | 13.4 |
| 2013-14 | 142 | -7.8 |
| 2012-13 | 154 | 24.2 |
| 2011-12 | 124 | 21.6 |
| 2010-11 | 102 | 10.9 |
| 2009-10 | 92 | 4.17 |

2. ECONOMIC CONDITION AND OUTLOOK:

The local tax levy was increased during the 2018-2019 school year by 2.0%.

3. MAJOR INITIATIVES:

The Deal School District has embraced a movement in education referred to as “STEM”, which encourages a cross curricular integration of technology in all subject areas, especially mathematics, art and science. Each child in grades 3-8 is equipped with a laptop computer to engage with instructional software, which focuses on conceptual learning. Further, students benefit from “cutting edge” technology as they utilize the multimedia workstations in our engineering laboratory, which allows them to participate in virtual field trips, design software for engineers and creative inquiry.

An intense shift toward teaching language arts has occurred with the Treasure’s comprehensive literacy program. This approach toward teaching reading and writing offers a research-based reading model that utilizes 21st Century learning techniques to address student needs. The various components of the reading program focus on phonemic awareness, phonics, oral language development, vocabulary instruction, reading comprehension, and fluency. Writing instruction, connected to the theme of the unit, is incorporated into each lesson. While utilizing rotating literacy centers, project based learning is evident and embraced in each classroom.

The Big Ideas Math program serves as a core program, which emphasizes higher order thinking skills, problem solving, and functional applications of skills and concepts in everyday experiences. Driven by cooperative learning with an emphasis on individual accountability, common goals and key concepts in math are introduced and achieved.

The Holt Science and Houghton Mifflin Social Studies programs are implemented at the Deal School District. The science series allows students to investigate through hands-on activities, learn about science concepts with reading support at every turn, and link the real world to the classroom. Thematic, integrated science and social studies units of study correlated to the New Jersey Core Curriculum Content Standards utilize various materials to provide a unique learning experience for students. Participation in project based learning allows teachers to promote application of concepts.

In addition, the Deal School District also offers music, physical education, health programs to all students. A comprehensive world language program is introduced to students in Kindergarten and continues throughout grade 8. Students are introduced to the Spanish language and study the culture and people of Spanish-speaking regions. Fostering a respect for cultural diversity is routinely emphasized throughout instruction. Students learn key vocabulary and are encouraged to utilize their newfound language through greetings and requests in the classroom.

4. INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control over compliance with requirements of law, regulations, contracts and grants applicable to these programs. This internal control system is also subject to periodic evaluation by the District management.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Pursuant to P.L. 2011, c. 202 (S-3148), the Deal Board of Education changed the annual election date for its members from the third Tuesday in April to the first Tuesday after the first Monday in November beginning in 2012, also this law eliminates the need for an annual voter referendum on the proposed general fund tax levy when the base budget is at or below the statutory tax levy cap. If the general fund tax levy is in excess of statutory tax levy cap then it must be presented to voters as a separate question at the General Election.

This law requires the changes to remain in effect for four years. Annual appropriated budgets are adopted for the general fund and the special revenue 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2019.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's 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.

7. DEBT ADMINISTRATION:

The school district's outstanding debt is \$427,918.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking system 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 and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

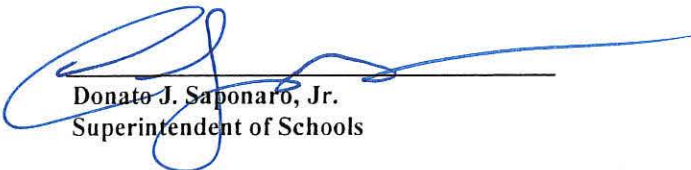
Independent Audit - State statutes requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Alvino & Shechter, L.L.C. was selected by the Board.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments, OMB Circular Uniform Guidance and the New Jersey OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*". Information related to this 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 federal and state assistance section of this report.

11. ACKNOWLEDGMENTS:

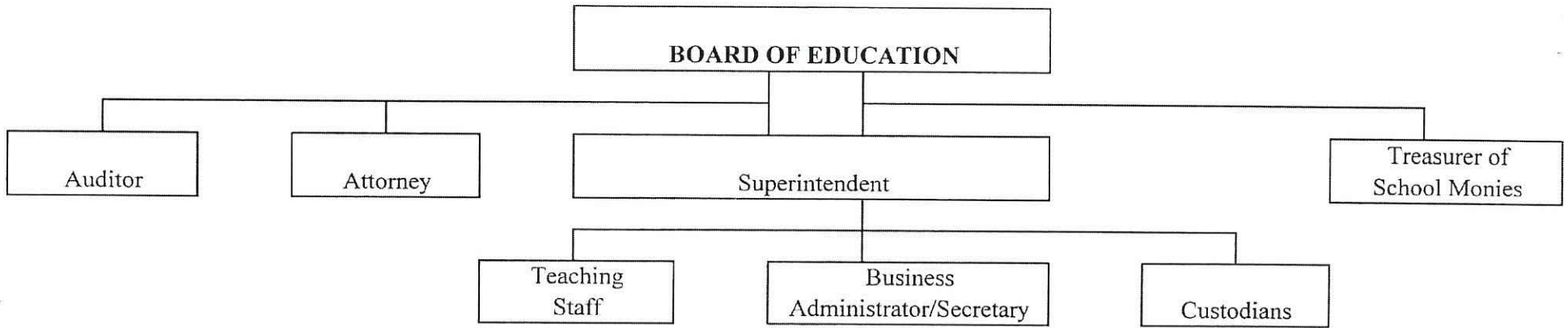
I would like to express my appreciation to the members of the Deal School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Donato J. Saponaro, Jr.
Superintendent of Schools

DEAL BOARD OF EDUCATION
ORGANIZATIONAL CHART



DEAL BOARD OF EDUCATION

ROSTER OF OFFICIALS JUNE 30, 2019

| <u>Members of the Board of Education</u> | <u>Term Expires Dec.</u> |
|--|--------------------------|
| Dennis Melofchick - President | 2019 |
| Michael Sorrentino - Vice President | 2021 |
| David Tawil | 2020 |
| Donna Rienzo | 2021 |
| Kathleen Jannarone | 2020 |

Other Officials

Donato J. Saponaro, Jr., Superintendent of Schools

Pia Lordi, Business Administrator/Board Secretary

Theresa Davis, Treasurer of School Funds

Daniel R. Roberts, Attorney

DEAL BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

Allen B. Shechter, CPA, RMA, PSA
Alvino & Shechter, L.L.C.
110 Fortunato Place
Neptune, NJ 07753

ATTORNEY

Daniel R. Roberts, Esq.
Kenney, Gross, Kovats & Parton
130 Maple Avenue
P.O. Box 8610
Red Bank, NJ 07701

OFFICIAL DEPOSITORY

Wells Fargo Bank
1600 State Highway 35 & Deal Road
Oakhurst, NJ 07755

FINANCIAL SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222
Fax: (732) 922-4533

Member
American Institute of Certified Public Accountants
New Jersey Society of Certified Public Accountants
PCPS of the AICPA Division of CPA Firms

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Deal Board of Education
County of Monmouth, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying introductory section, supplementary information such as the combining and individual non-major fund financial statements section, statistical section, 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 the schedule of expenditures of state financial assistance as required by New Jersey OMB 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 supplementary schedules such as the combining and individual non-major fund financial statements, schedule of expenditures of federal awards as required by the Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedule of expenditures of federal awards as required by the Uniform Guidance and the schedule of state financial assistance as required by New Jersey OMB Circular 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

November 12, 2019
Neptune, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**DEAL SCHOOL DISTRICT
DEAL, NEW JERSEY**

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

(Unaudited)

The discussion and analysis of the Deal School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- * General revenues accounted for \$5,179,666 in revenue or 98% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$113,054 or 2% of total revenues of \$5,292,720.
- * Total net position of governmental activities increased by \$476,255.
- * The School District had \$4,818,576 in expenses; \$113,054 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$2,007,056 and State Aid of \$3,068,324 were adequate to provide for these programs.
- * The General Fund had \$4,840,962 in revenues and \$4,354,335 in expenditures. The General Fund's balance increased \$486,627 over 2018.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Deal School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the specific financial activities.

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

Governmental Activities - All of the School District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major (all) funds is included in the 2018-19 Comprehensive Annual Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

Enterprise Fund

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

The School District as a Whole

The *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District’s net position as of June 30, 2019 compared to June 30, 2018.

Table 1
Net Position

| | <u>2019</u> | <u>2018</u> |
|---|--------------------|--------------------|
| Assets | | |
| Current and Other Assets | 1,558,970 | 1,061,983 |
| Capital Assets | 3,552,006 | 3,532,260 |
| Total Assets | <u>\$5,110,976</u> | <u>\$4,594,243</u> |
| Deferred Outflows | <u>\$ 148,182</u> | <u>\$ 101,940</u> |
| Liabilities | | |
| Current Liabilities | 15,288 | 5,301 |
| Long-Term Liabilities | 427,918 | 396,342 |
| Total Liabilities | <u>\$ 443,206</u> | <u>\$ 401,643</u> |
| Deferred Inflows | <u>\$ 102,657</u> | <u>\$ 57,873</u> |
| Net Position | | |
| Invested in Capital Assets, Net of Related Debt | 3,552,006 | 3,532,260 |
| Restricted | 1,513,674 | 887,486 |
| Unrestricted | <u>(352,385)</u> | <u>(183,079)</u> |
| Total Net Position | <u>\$4,713,295</u> | <u>\$4,236,667</u> |

Table 2 provides a comparison analysis of District-Wide changes in net assets from fiscal years 2018 and 2019.

Table 2
Changes in Net Position

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Revenues | | |
| Program Revenues: | | |
| Charge for Services | 18,730 | 29,674 |
| Operating Grants and Contributions | 94,324 | 93,686 |
| General Revenues: | | |
| Property Taxes | 2,007,056 | 1,967,702 |
| State Aid Not Restricted | 3,068,324 | 3,170,832 |
| Other | <u>104,286</u> | <u>43,746</u> |
| Total Revenues | <u>5,292,720</u> | <u>5,305,640</u> |
| Program Expenses | | |
| Instruction | 2,552,686 | 2,664,696 |
| Support Services: | | |
| Pupils and Instructional Staff | 876,161 | 948,367 |
| General Administration, School | | |
| Administration, Central Services | 531,559 | 558,896 |
| Operations and Maintenance of Facilities | 630,917 | 658,704 |
| Pupil Transportation | 76,470 | 77,781 |
| Unallocated Depreciation | 123,549 | 119,393 |
| Aftercare Program | <u>27,235</u> | <u>27,190</u> |
| Total Expenses | <u>4,818,577</u> | <u>5,055,027</u> |
| Increase/(Decrease) in Net Position | <u>\$ 474,143</u> | <u>\$ 250,613</u> |

Business-Type Activities

Revenues for the School District's business-type activities (food service and aftercare program) were comprised solely of charges for services of the aftercare program. There were no revenues or expenses for the food services program for the year because the District entered into a master shared service agreement with the Ocean Township Board of Education.

*Aftercare program expenses exceeded revenues by \$8,504. Some of the deficit was made up by transfers from the General Fund of \$6,393.

*Charges for services represent \$18,730 of revenue.

Governmental Activities

Property taxes made up 38% of revenues for governmental activities for the Deal School District for the fiscal year 2019. The School District's total revenues were \$5,273,990 for the fiscal year ended June 30, 2019. Federal, state and local grants accounted for another 58% of revenues.

The total cost of all program and services was \$4,791,342. Instruction comprises 53% of School District expenses.

The *Statement of Activities* reflects the cost of program services and program revenues, consisting of the charges for services and sales and grants and contributions, offsetting those services. Table 3, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenues and unrestricted state entitlements.

Table 3
Governmental Activities

| | <u>2019</u> | | <u>2018</u> | |
|--|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
| Instruction | 2,552,686 | 2,552,686 | 2,664,696 | 2,664,696 |
| Support Services: | | | | |
| Pupil and Instructional Staff | 876,161 | 781,837 | 948,367 | 854,681 |
| General Administration, School Administration, Central Services | 531,559 | 531,559 | 558,896 | 558,896 |
| Operation and Maintenance of Facilities | 630,917 | 630,917 | 658,704 | 658,704 |
| Pupil Transportation | 76,470 | 76,470 | 77,781 | 77,781 |
| Unallocated Depreciation | <u>123,549</u> | <u>123,549</u> | <u>119,393</u> | <u>119,393</u> |
| Total Expenses | <u>\$4,791,342</u> | <u>\$4,697,018</u> | <u>\$5,027,837</u> | <u>\$4,934,151</u> |

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

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

General administration, school administration and central services include expenses associated with administrative and financial supervision of the School District.

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

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

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

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

Other includes unallocated depreciation.

The School District's Funds

Information about the School District's major funds is included in the 2018-19 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund and Special Revenue Fund presented in the fund-based statements) had total revenues of \$4,935,286 and Expenditures and transfers of \$4,448,659. The net positive change in fund balance for the year was most significant in the General Fund, an increase of \$486,627. The School District is able to meet current operating costs with no urgent need for additional funds.

Capital Assets

At the end of the fiscal 2019 year, the School District had \$3,552,006 invested in land, building and building improvements and machinery and equipment, net of depreciation.

Table 4
Capital Assets (Net of Depreciation) at June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|----------------------------|---------------------------|---------------------------|
| Land | 11,400 | 11,400 |
| Site Improvements | 744,236 | 774,256 |
| Buildings and Improvements | 2,608,643 | 2,551,717 |
| Machinery and Equipment | <u>187,727</u> | <u>194,887</u> |
| Totals | <u>\$3,552,006</u> | <u>\$3,532,260</u> |

Debt Administration

At June 30, 2019, the School District had \$120,820 in compensated absences payable and \$307,098 in net pension liability.

Economic Factors and Next Years's Budget

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

The Borough of Deal is primarily a residential community, with very few ratables. A majority of the revenue needed to operate the District is derived from homeowners through property tax assessments and collections.

For the 2018-2019 school year, the School Board was able to sustain its general fund budget through local tax levy, state education aid, federal aid, and local revenue sources. Approximately 57% of the School Board's general fund revenue is from Federal and State Aid, 41% of total revenue is from local tax levy, and 2% is from miscellaneous revenue, which among other things includes interest on deposits and rental of facilities.

Beginning in the 2011-2012 school year, the Deal School District became a participant in the New Jersey Inter District School Choice program. The District received \$2,039,184 in State School Choice Aid this school year.

The program provides the opportunity for non-resident students to attend the Deal School at no cost to their parents/guardians. Any school-age student who is a resident of New Jersey is eligible to take advantage of this program. The School Choice program covers grades Kindergarten through Eight. We are thrilled that the Deal School will continue to participate in the School Choice program for the 2018-2019 school year.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Donato J. Saponaro Jr., Superintendent of Schools at Deal Board of Education, Roseld Avenue, Deal, NJ 07723.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the doubling-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

DEAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|---|--|---------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | 529,630.40 | 372.75 | 530,003.15 |
| Receivables, Net | 3,480.00 | .00 | 3,480.00 |
| Restricted Assets: | | | |
| Capital Reserve Account - Cash | 1,025,486.71 | .00 | 1,025,486.71 |
| Capital Assets, Net (Note 5) | <u>3,552,006.00</u> | <u>.00</u> | <u>3,552,006.00</u> |
| Total Assets | <u>5,110,603.11</u> | <u>372.75</u> | <u>5,110,975.86</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred Outflows Related to Pensions (Note 12) | <u>148,182.00</u> | <u>.00</u> | <u>148,182.00</u> |
| LIABILITIES: | | | |
| Other Payable | 15,287.89 | .00 | 15,287.89 |
| Noncurrent Liabilities (Note 7) | | | |
| Due Beyond One Year | 120,819.97 | .00 | 120,819.97 |
| Net Pension Liability (Note 12) | <u>307,098.00</u> | <u>.00</u> | <u>307,098.00</u> |
| Total Liabilities | <u>443,205.86</u> | <u>.00</u> | <u>443,205.86</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred Inflows Related to Pensions (Note 12) | <u>102,657.00</u> | <u>.00</u> | <u>102,657.00</u> |
| NET POSITION: | | | |
| Invested in Capital Assets, Net of Related Debt | 3,552,006.00 | .00 | 3,552,006.00 |
| Restricted for: | | | |
| Other Purposes | 1,513,674.22 | .00 | 1,513,674.22 |
| Unrestricted | <u>(352,757.97)</u> | <u>372.75</u> | <u>(352,385.22)</u> |
| Total Net Position | <u>\$4,712,922.25</u> | <u>372.75</u> | <u>4,713,295.00</u> |

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

DEAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenues | | | | Net (Expense) Revenue and Changes In Net Position | | |
|--|----------------|------------------------------|----------------------|----------------------------------|--------------------------------|---|--------------------------|----------------|
| | | Indirect Expenses Allocation | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Governmental Activities | Business-Type Activities | Total |
| GOVERNMENTAL ACTIVITIES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Regular Instruction | 1,363,953.15 | 806,306.34 | .00 | .00 | .00 | (2,170,259.49) | .00 | (2,170,259.49) |
| Special Education Instruction | 135,303.90 | 121,540.72 | .00 | .00 | .00 | (256,844.62) | .00 | (256,844.62) |
| Other Instruction | 80,828.45 | 44,753.35 | .00 | .00 | .00 | (125,581.80) | .00 | (125,581.80) |
| Support Services: | | | | | | | | |
| Tuition | 79,779.22 | .00 | .00 | .00 | .00 | (79,779.22) | .00 | (79,779.22) |
| Student & Instruction Related Services | | | | | | | | |
| Services | 571,388.90 | 224,992.42 | .00 | 94,324.00 | .00 | (702,057.32) | .00 | (702,057.32) |
| General Administration | 198,364.01 | 88,365.21 | .00 | .00 | .00 | (286,729.22) | .00 | (286,729.22) |
| School Administration | 12,701.00 | 3,024.42 | .00 | .00 | .00 | (15,725.42) | .00 | (15,725.42) |
| Central Services | 131,242.13 | 97,861.96 | .00 | .00 | .00 | (229,104.09) | .00 | (229,104.09) |
| Plant Operations and Maintenance | 622,405.13 | 8,511.95 | .00 | .00 | .00 | (630,917.08) | .00 | (630,917.08) |
| Pupil Transportation | 76,470.50 | .00 | .00 | .00 | .00 | (76,470.50) | .00 | (76,470.50) |
| Employee Benefits | 1,395,356.37 | (1,395,356.37) | .00 | .00 | .00 | (.00) | .00 | (.00) |
| Unallocated Depreciation | 123,549.00 | .00 | .00 | .00 | .00 | (123,549.00) | .00 | (123,549.00) |
| Total Governmental Activities | \$4,791,341.76 | .00 | .00 | 94,324.00 | .00 | (4,697,017.76) | .00 | (4,697,017.76) |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | | |
| Aftercare Program | 27,234.64 | .00 | 18,730.16 | .00 | .00 | (.00) | (8,504.48) | (8,504.48) |
| Total Business-Type Activities | 27,234.64 | .00 | 18,730.16 | .00 | .00 | (.00) | (8,504.48) | (8,504.48) |
| Total Primary Government | \$4,818,576.40 | .00 | 18,730.16 | 94,324.00 | .00 | (4,697,017.76) | (8,504.48) | (4,705,522.24) |
| GENERAL REVENUES: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property Taxes Levied for General Purposes, Net | | | | | | 2,007,056.00 | .00 | 2,007,056.00 |
| State Aid Not Restricted | | | | | | 3,068,324.04 | .00 | 3,068,324.04 |
| Miscellaneous Income | | | | | | 104,285.60 | .00 | 104,285.60 |
| Transfers | | | | | | (6,392.92) | 6,392.92 | .00 |
| Total General Revenues, Special Items, Extraordinary Items and Transfers | | | | | | 5,173,272.72 | 6,392.92 | 5,179,665.64 |
| Change in Net Position | | | | | | 476,254.96 | (2,111.56) | 474,143.40 |
| Net Position - Beginning | | | | | | 4,236,667.29 | 2,484.31 | 4,239,151.60 |
| Net Position - Ending | | | | | | \$4,712,922.25 | 372.75 | 4,713,295.00 |

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information fund type.

DEAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2019

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|---|-------------------------|-------------------------------------|---|
| ASSETS: | | | |
| Cash and Cash Equivalents | 529,630.40 | .00 | 529,630.40 |
| Receivables from Other Governments | 3,480.00 | .00 | 3,480.00 |
| Restricted Cash and Cash Equivalents | <u>1,025,486.71</u> | <u>.00</u> | <u>1,025,486.71</u> |
| Total Assets | <u>\$1,558,597.11</u> | <u>.00</u> | <u>1,558,597.11</u> |
| LIABILITIES AND FUND BALANCES: | | | |
| Liabilities: | | | |
| Other Payable | 1.04 | .00 | 1.04 |
| Interfund Payable | 5,286.85 | .00 | 5,286.85 |
| Deposit Payable - Rental | <u>10,000.00</u> | <u>.00</u> | <u>10,000.00</u> |
| Total Liabilities | <u>15,287.89</u> | <u>.00</u> | <u>15,287.89</u> |
| Fund Balances: | | | |
| Restricted for: | | | |
| Capital Reserve Account | 1,025,486.71 | .00 | 1,025,486.71 |
| Maintenance Reserve | 212,000.00 | .00 | 212,000.00 |
| Excess Surplus - Designated for Subsequent Year's Expenditures | .00 | .00 | .00 |
| Excess Surplus | 276,187.51 | .00 | 276,187.51 |
| Assigned to: | | | |
| Designated for Subsequent Year's Expenditures | .00 | .00 | .00 |
| Unassigned: | | | |
| General Fund | 29,635.00 | .00 | 29,635.00 |
| Special Revenue Fund | <u>.00</u> | <u>.00</u> | <u>.00</u> |
| Total Fund Balances | <u>1,543,309.22</u> | <u>.00</u> | <u>1,543,309.22</u> |
| Total Liabilities and Fund Balances | <u>\$1,558,597.11</u> | <u>.00</u> | |

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$5,527,077.00 and the accumulated depreciation is \$(1,975,071.00) (See Note 5).

3,552,006.00

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include (See Note 12).

| | |
|--|--------------|
| Deferred Outflows of Resources from Pensions | 148,182.00 |
| Net Pension Liability | (307,098.00) |
| Deferred Inflows of Resources from Pensions | (102,657.00) |

Long-term liabilities, below are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 7).

(120,819.97)

Net Position of Government Funds

\$4,712,922.25

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

DEAL SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|---|
| REVENUES: | | | |
| Local Sources: | | | |
| Local Tax Levy | 2,007,056.00 | .00 | 2,007,056.00 |
| Miscellaneous | 104,285.60 | .00 | 104,285.60 |
| Total - Local Sources | 2,111,341.60 | .00 | 2,111,341.60 |
| State Sources | 2,729,620.04 | .00 | 2,729,620.04 |
| Federal Sources | .00 | 94,324.00 | 94,324.00 |
| Total Revenues | <u>4,840,961.64</u> | <u>94,324.00</u> | <u>4,935,285.64</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Regular Instruction | 1,327,059.15 | 46,269.00 | 1,373,328.15 |
| Special Education Instruction | 135,303.90 | .00 | 135,303.90 |
| Other Instruction | 80,828.45 | .00 | 80,828.45 |
| Support Services: | | | |
| Tuition | 79,779.22 | .00 | 79,779.22 |
| Student & Instruction Related Services | 506,105.93 | 48,055.00 | 554,160.93 |
| General Administration | 165,923.84 | .00 | 165,923.84 |
| School Administrative Services | 5,775.00 | .00 | 5,775.00 |
| Central Services | 131,242.13 | .00 | 131,242.13 |
| Plant Operations and Maintenance | 621,096.13 | .00 | 621,096.13 |
| Pupil Transportation | 76,470.50 | .00 | 76,470.50 |
| Employee Benefits | 1,039,331.37 | .00 | 1,039,331.37 |
| Capital Outlay | <u>179,025.72</u> | <u>.00</u> | <u>179,025.72</u> |
| Total Expenditures | <u>4,347,941.34</u> | <u>94,324.00</u> | <u>4,442,265.34</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>493,020.30</u> | <u>.00</u> | <u>493,020.30</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers Out | <u>(6,392.92)</u> | <u>.00</u> | <u>(6,392.92)</u> |
| Total Other Financing Sources | <u>(6,392.92)</u> | <u>.00</u> | <u>(6,392.92)</u> |
| Net Change in Fund Balances | 486,627.38 | .00 | 486,627.38 |
| Fund Balance - July 1 | <u>1,056,681.84</u> | <u>.00</u> | <u>1,056,681.84</u> |
| Fund Balance - June 30 | <u>\$1,543,309.22</u> | <u>.00</u> | <u>1,543,309.22</u> |

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

DEAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Total net change in fund balances - governmental funds (from B-2) 486,627.38

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

| | | |
|----------------------|-------------------|-----------|
| Depreciation Expense | (158,494.00) | |
| Capital Outlay | <u>178,240.00</u> | 19,746.00 |

In the statement of activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. (12,797.42)

District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

| | | |
|--|--------------------|-------------|
| District Pension Contributions - PERS 2019 | 15,514.00 | |
| Less: Pension Expense | <u>(32,835.00)</u> | (17,321.00) |

Per GASB No. 68 Non-employer contributing entities are required to record an increase in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

| | | |
|--|---------------------|-----|
| Increase in On-behalf State Aid TPAF Pension Revenue | 237,457.00 | |
| Increase in On-behalf TPAF Pension Expense | <u>(237,457.00)</u> | .00 |

Per GASB No. 75 Non-employer contributing entities are required to record an increase in revenue and expense for On-behalf TPAF & PERS post-retirement medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

| | | |
|---|---------------------|-----|
| Increase in On-behalf State Aid TPAF & PERS Post-Retirement Medical Revenue | 101,247.00 | |
| Increase in On-behalf State Aid TPAF & PERS Post-Retirement Medical Expense | <u>(101,247.00)</u> | .00 |

Change in net position of governmental activities \$476,254.96

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

DEAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2019

| | Business-Type Activities- | | |
|---|----------------------------------|------------------------------|---------------|
| | Enterprise Funds | | |
| | <u>Food Service</u> | <u>Aftercare Program</u> | <u>Totals</u> |
| ASSETS: | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | .00 | 372.75 | 372.75 |
| Total Current Assets | .00 | 372.75 | 372.75 |
| Noncurrent Assets: | | | |
| Equipment | 1,863.00 | .00 | 1,863.00 |
| Less Accumulated Depreciation | (1,863.00) | (.00) | (1,863.00) |
| Total Noncurrent Assets | .00 | .00 | .00 |
| Total Assets | \$.00 | 372.75 | 372.75 |
| LIABILITIES: | | | |
| Current Liabilities: | | | |
| Interfund Payable | .00 | .00 | .00 |
| Total Current Liabilities | .00 | .00 | .00 |
| NET POSITION: | | | |
| Invested in Capital Assets, Net of Related Debt | .00 | .00 | .00 |
| Unrestricted | .00 | 372.75 | 372.75 |
| Total Net Position | \$.00 | 372.75 | 372.75 |

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

DEAL SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

| | Business-Type Activities- Enterprise Funds | | |
|--|---|------------------------------|---------------|
| | Food Service | Aftercare Program | Totals |
| OPERATING REVENUES: | | | |
| Charges for Services: | | | |
| Daily Sales - Reimbursable Programs | .00 | .00 | .00 |
| Community Service Activities | .00 | 18,730.16 | 18,730.16 |
| Total Operating Revenues | .00 | 18,730.16 | 18,730.16 |
| OPERATING EXPENSES: | | | |
| Cost of Sales | .00 | .00 | .00 |
| Salaries | .00 | 27,234.64 | 27,234.64 |
| Total Operating Expenses | .00 | 27,234.64 | 27,234.64 |
| Operating Income (Loss) | .00 | (8,504.48) | (8,504.48) |
| NONOPERATING REVENUES: | | | |
| Federal Sources: | | | |
| Special Milk Program | .00 | .00 | .00 |
| Total Nonoperating Revenues | .00 | .00 | .00 |
| Income (Loss) Before Contributions and Transfers | .00 | (8,504.48) | (8,504.48) |
| Operating Transfer In Board Contribution | .00 | 6,392.92 | 6,392.92 |
| Change in Net Position | .00 | (2,111.56) | (2,111.56) |
| Total Net Position - July 1 | .00 | 2,484.31 | 2,484.31 |
| Total Net Position - June 30 | \$.00 | 372.75 | 372.75 |

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

DEAL SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

| | Business-Type Activities- | | |
|---|----------------------------------|-------------------------------------|----------------------|
| | Enterprise Funds | | |
| | <u>Food Service</u> | <u>Aftercare Program</u> | <u>Totals</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash Received from Daily Sales and Aftercare | .00 | 18,730.16 | 18,730.16 |
| Payments to Employees | <u>.00</u> | <u>(27,234.64)</u> | <u>(27,234.64)</u> |
| Net Cash Used for Operating Activities | <u>.00</u> | <u>(8,504.48)</u> | <u>(8,504.48)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Board Contributions | <u>.00</u> | <u>6,392.92</u> | <u>6,392.92</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>.00</u> | <u>6,392.92</u> | <u>6,392.92</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | .00 | (2,111.56) | (2,111.56) |
| Cash and Cash Equivalents - July 1 | <u>.00</u> | <u>2,484.31</u> | <u>2,484.31</u> |
| Cash and Cash Equivalents - June 30 | \$ <u>.00</u> | <u>372.75</u> | <u>372.75</u> |
| Reconciliation of Operating Income to Net Cash Used by Operating Activities: | | | |
| Operating Income (Loss) | <u>.00</u> | <u>(8,504.48)</u> | <u>(8,504.48)</u> |
| Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities | | | |
| Depreciation | <u>.00</u> | <u>.00</u> | <u>.00</u> |
| Total Adjustments | <u>.00</u> | <u>.00</u> | <u>.00</u> |
| Net Cash Used for Operating Activities | \$ <u>.00</u> | <u>(8,504.48)</u> | <u>(8,504.48)</u> |

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

DEAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

| | Unemployment Compensation Trust | Agency Funds |
|---|--|-----------------------------|
| | <u> </u> | <u> </u> |
| ASSETS: | | |
| Cash and Cash Equivalents | 20,961.77 | 43,468.99 |
| Interfund Receivable | <u>42,315.28</u> | <u>5,286.85</u> |
| Total Assets | <u>63,277.05</u> | <u>48,755.84</u> |
| LIABILITIES: | | |
| Interfund Payable | .00 | 42,315.28 |
| Payroll Deductions and Withholdings | .00 | 520.57 |
| Due to Student Groups | <u>.00</u> | <u>4,919.99</u> |
| Total Liabilities | <u>.00</u> | <u>\$48,755.84</u> |
| NET POSITION: | | |
| Held in Trust for Unemployment Claims and Other Purposes | <u>63,277.05</u> | |
| Total Net Position | <u>\$63,277.05</u> | |

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

DEAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2019

| | <u>Unemployment Compensation Trust</u> |
|-------------------------|---|
| ADDITIONS: | |
| Contributions: | |
| Plan Members | 5,852.48 |
| Board Contribution | <u>2,357.44</u> |
| Total Contributions | <u>8,209.92</u> |
| Investment Earnings: | |
| Interest | <u>.00</u> |
| Net Investment Earnings | <u>.00</u> |
| Total Additions | <u>8,209.92</u> |
| DEDUCTIONS: | |
| Unemployment Claims | <u>.00</u> |
| Total Deductions | <u>.00</u> |
| Change in Net Position | 8,209.92 |
| Net Position - July 1 | <u>55,067.13</u> |
| Net Position - June 30 | <u>\$63,277.05</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Deal School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of Deal School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity:

The Deal School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of five members elected to three year-terms. The purpose of the District is to educate students in grades K-8.

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 has no component units.

B. New Accounting Standards:

During fiscal year 2019, the District adopted the following GASB statements:

- GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Implementation of this statement did not impact the District's financial statements.

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

- GASB Statement No. 84, *Fiduciary Activities*, will be effective for the year ended June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial purposes and how those activities should be reported. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 87, *Leases*, will be effective for the year ended June 30, 2021. 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. Management is currently evaluating the effects this Statement will have on future financial statements.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. New Accounting Standards (Cont'd):

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements included (Cont'd):

- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will be effective for the year ended June 30, 2021. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, will be effective for the year ended June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the year ended June 30, 2022. The objective of this Statement is to provide a single method of reporting conduit debt obligations. Management does not expect this Statement to impact the District's financial statements.

C. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-Wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Con'td):

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB Statement No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP as it pertains to governmental entities states 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 fixed 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.

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.

The District reports the following proprietary fund:

Enterprise Funds: The enterprise funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board is that the costs (ie. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

The Board's enterprise funds are comprised of the Food Service and the Aftercare Program.

Additionally, the District reports the following fund type:

Fiduciary Funds: The fiduciary funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund and Payroll Agency Fund.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-Wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. The Board voted to adopt P.L. 2011 c.202, effective January 17, 2012, which eliminated the annual voter referendum on budgets which meet the statutory tax levy cap limitations and the board of education members are elected at the November general elections. 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. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control (Cont'd):

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 GAAP 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 presented in the Notes to Required Supplementary Information. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at 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.

E. Encumbrances:

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

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

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

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include 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.

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 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.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a 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 of 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.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Interfund Transactions:

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

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories, if any, are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Capital Assets:

Districts are required to record capital assets in their general ledger or separate fixed asset system. The District contracts with Industrial Appraisal Company to prepare a property and accounting cost record report annually. The District defines capital assets as assets with an initial individual cost of more than \$2,000.00. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. All reported capital assets except for land and construction in progress are depreciated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-----------------------------|-------------------------------|
| School Buildings | 30-40 |
| Building Improvements | 20 |
| Office & Computer Equipment | 5-10 |
| Instructional Equipment | 10 |
| Site Improvements | 20 |

In the fund financial statements, fixed assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Unearned Revenue:

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-Wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Net Position:

Net position represent the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance:

Beginning with the fiscal year 2011, the District implemented GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definition*". The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

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

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

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

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

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

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

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

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category, deferred outflows related to pensions.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item, deferred inflows related to pensions, that qualified for reporting in this category.

Revenues - Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are from the aftercare program. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and pension benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function is reported separately on the Statement of Activities.

Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at June 30, 2019, and reported at fair value, are as follows:

| <u>Type</u> | <u>Rating</u> | <u>Maturities</u> | <u>Carrying Value</u> |
|---|---------------|-------------------|------------------------------|
| Deposits: | | | |
| Demand deposits | | | 1,555,489.86 |
| Investments: | | | |
| None | | | <u>.00</u> |
| Total deposits and investments | | | <u>\$1,555,489.86</u> |
| Reconciliation of Statement of Net Position: | | | |
| Current: | | | |
| Cash and Cash Equivalents | | | 530,003.15 |
| Capital Reserve Account - Cash | | | 1,025,486.71 |
| Investments | | | <u>.00</u> |
| | | | <u>\$1,555,489.86</u> |

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of \$1,606,210.76 at June 30, 2019. Of the bank balance \$250,000.00 was fully insured by depository insurance and \$1,356,210.76 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

Investment Interest Rate Risk - The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Investment Credit Risk - The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by school district;
6. Local governments investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
8. Agreements for the repurchase of fully collateralized securities.

Concentration of Investment Credit Risk - The District places no limit on the amount it may invest in any one issuer. At June 30, 2019, the District had no investments.

NOTE 3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Deal Board of Education in October 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation accounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

| | |
|---------------------------------|-----------------------|
| Beginning balance, July 1, 2018 | \$675,486.71 |
| Interest earnings | .00 |
| Deposits | |
| Board resolution | 350,000.00 |
| Withdrawals | |
| Board resolution | (0.00) |
| Ending balance, June 30, 2019 | <u>\$1,025,486.71</u> |

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 4. MAINTENANCE RESERVE ACCOUNT

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

| | |
|-----------------------------------|----------------------|
| Beginning balance, July 1, 2018 | \$212,000.00 |
| Transfer by Resolution June, 2019 | <u> .00</u> |
| Ending balance, June 30, 2019 | <u>\$212,000.00</u> |

NOTE 5. RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

| | <u>Governmental Fund Financial Statements</u> | <u>District-Wide Financial Statements</u> |
|------------------------------------|--|--|
| State Aid | <u>3,480.00</u> | <u>3,480.00</u> |
| Gross Receivables | 3,480.00 | 3,480.00 |
| Less: Allowance for Uncollectibles | <u> .00</u> | <u> .00</u> |
| Total Receivables, Net | <u>\$3,480.00</u> | <u>3,480.00</u> |

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 6. CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|--------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 11,400.00 | .00 | .00 | 11,400.00 |
| Total capital assets not being depreciated | <u>11,400.00</u> | <u>.00</u> | <u>.00</u> | <u>11,400.00</u> |
| Capital assets being depreciated: | | | | |
| Site Improvements | 957,479.00 | .00 | .00 | 957,479.00 |
| Building and building improvements | 3,611,324.00 | 148,808.00 | .00 | 3,760,132.00 |
| Machinery and equipment | 768,634.00 | 29,432.00 | .00 | 798,066.00 |
| Total capital assets being depreciated | <u>5,337,437.00</u> | <u>178,240.00</u> | <u>.00</u> | <u>5,515,677.00</u> |
| Total at historical cost | <u>5,348,837.00</u> | <u>178,240.00</u> | <u>.00</u> | <u>5,527,077.00</u> |
| Less accumulated depreciation for: | | | | |
| Site Improvements | (183,223.00) | (30,020.00) | .00 | (213,243.00) |
| Building and improvements | (1,059,607.00) | (91,882.00) | .00 | (1,151,489.00) |
| Machinery and equipment | (573,747.00) | (36,592.00) | .00 | (610,339.00) |
| Total accumulated depreciation | <u>(1,816,577.00)</u> | <u>(158,494.00)</u> | <u>.00</u> | <u>(1,975,071.00)</u> |
| Governmental activity capital assets, net | <u>\$ 3,532,260.00</u> | <u>19,746.00</u> | <u>.00</u> | <u>3,552,006.00</u> |
| Business-Type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Equipment | 1,803.00 | .00 | .00 | 1,803.00 |
| Less accumulated depreciation | <u>(1,803.00)</u> | <u>(.00)</u> | <u>.00</u> | <u>(1,803.00)</u> |
| Enterprise fund capital assets, net | <u>\$.00</u> | <u>.00</u> | <u>.00</u> | <u>.00</u> |

Depreciation expense was charged to the following governmental programs:

| | |
|--|---------------------|
| Student & Instruction Related Services | 7,642.00 |
| Support Services - Administration | 25,994.00 |
| Plant Operations | 1,309.00 |
| Unallocated | <u>123,549.00</u> |
| Total | <u>\$158,494.00</u> |

NOTE 7. LONG-TERM OBLIGATIONS:

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2019, are as follows:

| | <u>Balance July 1, 2018</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2019</u> | <u>Amounts Due Within One Year</u> |
|----------------------|---------------------------------|------------------|------------------|----------------------------------|--|
| Compensated absences | <u>\$108,022.55</u> | <u>27,197.42</u> | <u>14,400.00</u> | <u>120,819.97</u> | <u>.00</u> |

B. Bonds Authorized But Not Issued: The District had no authorized but not issued bonds at June 30, 2019.

C. Capital Leases: The District had no capital leases as of June 30, 2019.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 8. OPERATING LEASES

The District has three operating leases, two for Sharp Digital copiers, one which expires May 31, 2020 and one which expires February 14, 2021 and one for a postage meter which expires December 24, 2022. The total operating lease payments made during the year ended June 30, 2019 were \$6,473.13. Future minimum lease payments are as follows:

| <u>Years Ending June 30,</u> | <u>Principal</u> |
|------------------------------|--------------------|
| 2020 | 6,393.88 |
| 2021 | 3,207.00 |
| 2022 | 2,133.00 |
| 2023 | 1,066.50 |
| 2024 | <u>.00</u> |
| Total minimum lease payments | <u>\$12,800.38</u> |

NOTE 9. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,543,309.22 General Fund balance at June 30, 2019, \$276,187.51 has been restricted for excess surplus; \$1,025,486.71 has been restricted for the Capital Reserve Account; \$212,000.00 has been restricted in a maintenance reserve; \$.00 has been assigned to be designated for subsequent year's expenditures and included as anticipated revenue for the year ending June 30, 2020; and \$29,635.00 is unassigned.

NOTE 10. 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 Restricted Fund Balance- Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1997 (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, 2019 is \$276,187.51.

NOTE 11. CONTINGENT LIABILITIES

Grant Programs:

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

NOTE 12. PENSION PLANS

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

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 12. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund (TPAF) was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - For purpose 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) 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 district (employer) 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 district. However, the state's portion of the net pension liability that was associated with the district was \$8,600,441 as measured on June 30, 2018 and \$8,575,071 as measured on June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$501,376 and revenue of \$501,376 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2019 is based upon changes in the collective net pension liability with a measurement period of June 30, 2017 through June 30, 2018. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2017 and June 30, 2018.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

| | <u>06/30/2017</u> | <u>06/30/2018</u> |
|--|-------------------|-------------------|
| Collective deferred outflows of resources | \$14,251,854,934 | \$12,599,296,329 |
| Collective deferred inflows of resources | 11,807,238,433 | 16,171,861,734 |
| Collective net pension liability (Nonemployer-State of New Jersey) | 67,423,605,859 | 63,617,852,031 |
| State's portion of the net pension liability that was associated with the district | 8,575,071 | 8,600,441 |
| State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability | 0.0127182026% | 0.0135189116% |

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 12. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

| | |
|---------------------------|---------------|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| 2011-2026 | 1.55% - 4.55% |
| Thereafter | 2.00% - 5.45% |
| Investment Rate of Return | 7.00% |

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

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

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 12. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Discount rate. The discount rate used to measure the State's total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/annrpts.shtml>.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability of \$307,098 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the year ended June 30, 2018. At June 30, 2018, the District's proportion was 0.0015597024% which was an increase of 0.0003211355% from its proportion measured as of June 30, 2017.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 12. PENSION PLANS (CONT'D)

Public Employees' Retirement System (PERS) (Cont'd)

For the year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$32,835. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | 5,856 | 1,583 |
| Changes of assumptions | 50,605 | 98,193 |
| Net difference between projected and actual earnings on pension plan investments | - | 2,881 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 76,207 | - |
| District contributions subsequent to the measurement date | <u>15,514</u> | <u>-</u> |
| Total | <u>\$148,182</u> | <u>\$102,657</u> |

\$15,514 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie. for the school year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability measured as of June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | <u>Year Ended June 30</u> |
|-------|----------------------------------|
| 2020 | \$ 17,706 |
| 2021 | 13,888 |
| 2022 | (1,682) |
| 2023 | (2,081) |
| 2024 | <u>2,180</u> |
| Total | <u>\$ 30,011</u> |

Additional Information:

Local Group Collective balances at June 30, 2017 and 2018 are as follows:

| | <u>06/30/2017</u> | <u>06/30/2018</u> |
|--|--------------------------|--------------------------|
| Collective deferred outflows of resources | \$6,424,455,842 | \$4,684,852,302 |
| Collective deferred inflows of resources | 5,700,625,981 | 7,646,736,226 |
| Collective net pension liability (Non State - Local Group) | 23,278,401,588 | 19,689,501,539 |
| District's portion of net pension liability | 288,319 | 307,098 |
| District's portion % | 0.0012385669% | 0.0015597024% |

Actuarial assumptions - The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following 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% |

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 12. PENSION PLANS (CONT'D)

Public Employees' Retirement System (PERS) (Cont'd)

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 2013 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

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

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

Discount rate. The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contribution. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability measured as of June 30, 2018, calculated using the discount rate of (5.66%), as well as what the 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 (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

| | <u>1% Decrease (4.66%)</u> | <u>Current Discount Rate (5.66%)</u> | <u>1% Increase (6.66%)</u> |
|---|------------------------------------|--|------------------------------------|
| District's proportionate share of the net pension liability | \$382,368 | \$307,098 | \$238,434 |

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 12. PENSION PLANS (CONT'D)

Public Employees' Retirement System (PERS) (Cont'd)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Member contributions are matched by a 3% employer contribution. For the year ended June 30, 2019, employee contributions total \$1,248.14, and the District recognized pension expense of \$899.40. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 12. PENSION PLANS (CONT'D)

Significant Legislation (Cont'd)

- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 7.50% and the PERS rate is 7.50% of covered payroll.

The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

| <u>Year</u> <u>Funding</u> | <u>Annual</u> <u>Pension</u> <u>Cost (APC)</u> | <u>Percentage</u> <u>of APC</u> <u>Contributed</u> | <u>Net</u> <u>Pension</u> <u>Liability</u> |
|-------------------------------|--|--|--|
| 6/30/19 | 15,514 | 100% | - |
| 6/30/18 | 11,474 | 100% | - |
| 6/30/17 | 10,601 | 100% | - |

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

| <u>Year</u> <u>Funding</u> | <u>Annual</u> <u>Pension</u> <u>Cost (APC)</u> | <u>Percentage</u> <u>of APC</u> <u>Contributed</u> | <u>Net</u> <u>Pension</u> <u>Liability</u> |
|-------------------------------|--|--|--|
| 6/30/19 | 263,919 | 100% | - |
| 6/30/18 | 203,197 | 100% | - |
| 6/30/17 | 143,055 | 100% | - |

During the fiscal year ended June 30, 2019, the State of New Jersey did contribute \$119,713.00 to the TPAF for post-retirement medical benefits and \$393.00 for long-term disability insurance on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$115,862.04 during the year ended June 30, 2019, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in the fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 13. OTHER POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year’s \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

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

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

Employees covered by benefits terms

TPAF participant retirees:

As of June 30, 2018, 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 20,913 eligible retired members in Fiscal Year 2018.

Total Nonemployer OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District 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.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 13. OTHER POST-RETIREMENT BENEFITS (CONT'D)

General Information about the OPEB Plan (Cont'd)

Total Nonemployer OPEB Liability (Cont'd)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | | | |
|-------------------|--|------------------------------|------------------------------|
| Inflation Rate | 2.50% | | |
| | <u>TPAF/ABP</u> | <u>PERS</u> | <u>PFRS</u> |
| Salary increases: | | | |
| Through 2026 | 1.55 - 4.55% based on years of service | 2.15 - 4.15% based on age | 2.10 - 8.98% based on age |
| Thereafter | 2.00 - 5.45% based on years of service | 3.15 - 5.15% based on age | 3.10 - 9.98% based on age |

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

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

Health Care Trend Assumptions

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

Discount Rate

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

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 13. OTHER POST-RETIREMENT BENEFITS (CONT'D)

General Information about the OPEB Plan (Cont'd)

Total Nonemployer OPEB Liability (Cont'd)

Changes in the State's Total OPEB Liability

| | Total OPEB Liability |
|--|-----------------------------|
| Balance at June 30, 2017 | \$53,639,841,858 |
| Changes for Year: | |
| Service Cost | 1,984,642,729 |
| Interest on the Total OPEB Liability | 1,970,236,232 |
| Differences Between Expected and Actual Experience | (5,002,065,740) |
| Changes of Assumptions | (5,291,448,855) |
| Gross Benefit Payments by the State | (1,232,987,247) |
| Contributions from Members | 42,614,005 |
| Net Changes | (7,529,008,876) |
| Balance at June 30, 2018 | \$46,110,832,982 |

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

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

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

| | June 30, 2018 | | |
|--|----------------------|----------------------|--------------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| | (2.87%) | (3.87%) | (4.87%) |
| Total OPEB Liability (School Retirees) | \$54,512,391,175 | \$46,110,832,982 | \$39,432,461,316 |

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:

| | June 30, 2018 | | |
|--|----------------------|-----------------------------------|--------------------|
| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
| Total OPEB Liability (School Retirees) | \$38,113,289,045 | \$46,110,832,982 | \$56,687,891,003 |

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 OPEB expense of \$220,960 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 13. OTHER POST-RETIREMENT BENEFITS (CONT'D)

General Information about the OPEB Plan (Cont'd)

Total Nonemployer OPEB Liability (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

In accordance with GASB Statement No. 75, the Deal Board of Education's 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, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Actual and Expected Experience Assumption Changes | - | (4,476,086,167) |
| Contributions Made in Fiscal Year Ending 2019 After June 30, 2018 Measurement Date | TBD | - |
| | - | \$(14,812,065,034) |

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

| Year ended June 30: | |
|---------------------|-----------------|
| 2019 | (1,825,218,593) |
| 2020 | (1,825,218,593) |
| 2021 | (1,825,218,593) |
| 2022 | (1,825,218,593) |
| 2023 | (1,825,218,593) |
| Thereafter | (5,685,972,069) |

NOTE 14. COMPENSATED ABSENCES

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

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

The entire liability for compensated absences is reported in the District-Wide Statements of Net Position in two components - the amount due within one year and the amount due in more than one year.

NOTE 15. RISK MANAGEMENT

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

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

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 15. RISK MANAGEMENT (CONT'D)

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

| <u>Fiscal Year</u> | <u>Interest Earnings/ District Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|--|-----------------------------------|------------------------------|---------------------------|
| 2018-2019 | 2,357.44 | 5,852.48 | .00 | 63,277.05 |
| 2017-2018 | 18,411.10 | 3,023.49 | 13,364.58 | 55,067.13 |
| 2016-2017 | 7,424.15 | 2,563.17 | 2,871.14 | 46,997.12 |

NOTE 16. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2019 consisted of the following:

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|----------------------------------|---------------------------------|-------------------------------|
| General Fund: | | |
| Payroll Agency Fund | .00 | 5,286.85* |
| Unemployment Compensation Trust: | | |
| Payroll Agency Fund | 42,315.28 | .00 |
| Payroll Agency Fund: | | |
| General Fund | 5,286.85 | .00 |
| Unemployment Compensation Trust | <u>.00</u> | <u>42,315.28</u> |
| | <u>47,602.13</u> | <u>47,602.13</u> |

All of the above interfunds represent short-term loans.

*Reported as a payable on the District-Wide statement of net position.

As of June 30, 2019 the District's operating transfers consisted of the following:

\$6,392.92 From the General Fund to the Enterprise Fund to
reduce the deficit in operations.

NOTE 17. INVENTORY

The District had no inventory at June 30, 2019.

NOTE 18. DEFICIT UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of (\$352,385.22) existed as of June 30, 2019 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that related to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

NOTE 19. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2019 and November 12, 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

DEAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019
(Unaudited)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|-----------------------|---------------------|---------------------|---------------------|---|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | 2,007,056.00 | 0.00 | 2,007,056.00 | 2,007,056.00 | 0.00 |
| Miscellaneous | 50,000.00 | (50,000.00) | | 104,285.60 | 104,285.60 |
| Total - Local Sources | 2,057,056.00 | (50,000.00) | 2,007,056.00 | 2,111,341.60 | 104,285.60 |
| State Sources: | | | | | |
| School Choice Aid | 2,039,184.00 | 0.00 | 2,039,184.00 | 2,039,184.00 | 0.00 |
| Security Aid | 18,769.00 | 0.00 | 18,769.00 | 18,769.00 | 0.00 |
| Transportation Aid | 31,676.00 | (630.00) | 31,046.00 | 31,046.00 | 0.00 |
| Special Education Categorical Aid | 149,600.00 | 0.00 | 149,600.00 | 149,600.00 | 0.00 |
| Reimbursed Nonpublic School Transportation Costs Aid | 0.00 | 0.00 | 0.00 | 3,480.00 | 3,480.00 |
| TPAF - Pension Contribution (On-Behalf - Non-Budgeted) | 0.00 | 0.00 | 0.00 | 263,919.00 | 263,919.00 |
| TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted) | 0.00 | 0.00 | 0.00 | 119,713.00 | 119,713.00 |
| TPAF - LTD Insurance Contribution (On-Behalf - Non-Budgeted) | 0.00 | 0.00 | 0.00 | 393.00 | 393.00 |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | 0.00 | 0.00 | 0.00 | 115,862.04 | 115,862.04 |
| Total - State Sources | 2,239,229.00 | (630.00) | 2,238,599.00 | 2,741,966.04 | 503,367.04 |
| Total Revenues | \$4,296,285.00 | (50,630.00) | 4,245,655.00 | 4,853,307.64 | 607,652.64 |
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Kindergarten - Salaries of Teachers | 105,443.00 | 0.00 | 105,443.00 | 93,395.46 | 12,047.54 |
| Grades 1-5 - Salaries of Teachers | 612,017.00 | 0.00 | 612,017.00 | 609,733.13 | 2,283.87 |
| Grades 6-8 - Salaries of Teachers | 392,025.00 | 6,784.21 | 398,809.21 | 396,212.26 | 2,596.95 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other Salaries for Instruction | 48,173.00 | 0.00 | 48,173.00 | 48,173.00 | 0.00 |
| Purchased Technical Services | 30,000.00 | 0.00 | 30,000.00 | 27,944.51 | 2,055.49 |
| Other Purchased Services (400-500 series) | 29,000.00 | 0.00 | 29,000.00 | 26,630.11 | 2,369.89 |
| General Supplies | 93,000.00 | 0.00 | 93,000.00 | 92,971.40 | 28.60 |
| Textbooks | 32,000.00 | 0.00 | 32,000.00 | 31,999.28 | 0.72 |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | 1,341,658.00 | 6,784.21 | 1,348,442.21 | 1,327,059.15 | 21,383.06 |
| SPECIAL EDUCATION - INSTRUCTION | | | | | |
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | 134,090.00 | 1,213.90 | 135,303.90 | 135,303.90 | 0.00 |
| Total Resource Room/Resource Center | 134,090.00 | 1,213.90 | 135,303.90 | 135,303.90 | 0.00 |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | 134,090.00 | 1,213.90 | 135,303.90 | 135,303.90 | 0.00 |
| School-Spon. Cocurricular Actvts. - Inst. | | | | | |
| Salaries | 17,530.00 | 0.00 | 17,530.00 | 16,005.14 | 1,524.86 |
| Other Objects | 13,500.00 | 0.00 | 13,500.00 | 13,290.88 | 209.12 |
| Total School-Spon. Cocurricular Actvts. - Inst. | 31,030.00 | 0.00 | 31,030.00 | 29,296.02 | 1,733.98 |
| School-Spon. Cocurricular Athletics - Inst. | | | | | |
| Salaries | 26,507.00 | 0.00 | 26,507.00 | 25,093.72 | 1,413.28 |
| Other Objects | 12,500.00 | (516.79) | 11,983.21 | 10,921.92 | 1,061.29 |
| Total School-Spon. Cocurricular Athletics - Inst. | 39,007.00 | (516.79) | 38,490.21 | 36,015.64 | 2,474.57 |
| Summer School - Inst. | | | | | |
| Salaries of Teachers | 15,000.00 | 516.79 | 15,516.79 | 15,516.79 | 0.00 |
| Total Summer School - Inst. | 15,000.00 | 516.79 | 15,516.79 | 15,516.79 | 0.00 |
| TOTAL INSTRUCTION AND AT-RISK PROGRAMS | 1,560,785.00 | 7,998.11 | 1,568,783.11 | 1,543,191.50 | 25,591.61 |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to Other LEAs Within the State - Regular | 173,300.00 | (16,934.49) | 156,365.51 | 77,623.22 | 78,742.29 |
| Tuition to County Voc. School Dist. - Regular | 6,700.00 | 0.00 | 6,700.00 | 2,156.00 | 4,544.00 |
| Tuition to Private Schools for the Disabled - Within State | 150,000.00 | 0.00 | 150,000.00 | 0.00 | 150,000.00 |
| Total Undistributed Expenditures - Instruction: | 330,000.00 | (16,934.49) | 313,065.51 | 79,779.22 | 233,286.29 |
| Undistributed Expend. - Attend. & Social Work | | | | | |
| Salaries | 16,370.00 | 0.00 | 16,370.00 | 16,278.96 | 91.04 |
| Total Undistributed Expend. - Attend. & Social Work | 16,370.00 | 0.00 | 16,370.00 | 16,278.96 | 91.04 |
| Undist. Expend. - Health Services | | | | | |
| Salaries | 90,700.00 | 1,887.56 | 92,587.56 | 92,587.56 | 0.00 |
| Purchased Professional and Technical Services | 1,500.00 | 0.00 | 1,500.00 | 1,372.00 | 128.00 |
| Total Undistributed Expenditures - Health Services | 92,200.00 | 1,887.56 | 94,087.56 | 93,959.56 | 128.00 |
| Undist. Expend. - Speech, OT, PT, & Related Services | | | | | |
| Purchased Professional - Educational Services | 120,000.00 | 0.00 | 120,000.00 | 118,027.85 | 1,972.15 |
| Total Undist. Exp. - Speech, OT, PT & Related Services | 120,000.00 | 0.00 | 120,000.00 | 118,027.85 | 1,972.15 |

DEAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019
(Unaudited)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|--|--------------------|---------------------|-------------------|-------------------|---|
| Expenditures (Continued): | | | | | |
| Undist. Expend. - Other Supp. Serv. Students - Extra Serv. | | | | | |
| Salaries | 41,634.00 | 2,946.82 | 44,580.82 | 44,580.82 | 0.00 |
| Purchased Professional - Educational Services | 44,250.00 | 4,902.00 | 49,152.00 | 49,152.00 | 0.00 |
| Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv. | 85,884.00 | 7,848.82 | 93,732.82 | 93,732.82 | 0.00 |
| Undist. Expend. - Guidance | | | | | |
| Salaries of Other Professional Staff | 45,480.00 | 0.00 | 45,480.00 | 45,245.32 | 234.68 |
| Salaries of Secretarial and Clerical Assistants | 16,370.00 | 0.00 | 16,370.00 | 16,279.08 | 90.92 |
| Total Undist. Expend. - Guidance | 61,850.00 | 0.00 | 61,850.00 | 61,524.40 | 325.60 |
| Undist. Expend. - Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 16,680.00 | 80.00 | 16,760.00 | 16,760.00 | 0.00 |
| Salaries of Secretarial and Clerical Assistants | 32,742.00 | 0.00 | 32,742.00 | 32,557.96 | 184.04 |
| Purchased Professional - Educational Services | 18,989.00 | 512.45 | 19,501.45 | 19,501.45 | 0.00 |
| Total Undist. Expend. - Child Study Teams | 68,411.00 | 592.45 | 69,003.45 | 68,819.41 | 184.04 |
| Undist. Expend. - Improvement of Inst. Serv. | | | | | |
| Salary of Supervisor of Instruction | 25,000.00 | 0.00 | 25,000.00 | 25,000.00 | 0.00 |
| Purchased Professional - Educational Services | 18,000.00 | 0.00 | 18,000.00 | 13,569.64 | 4,430.36 |
| Other Objects | 8,000.00 | 0.00 | 8,000.00 | 3,355.92 | 4,644.08 |
| Total Undist. Expend. - Improvement of Inst. Serv. | 51,000.00 | 0.00 | 51,000.00 | 41,925.56 | 9,074.44 |
| Undist. Expend. - Instructional Staff Training Services | | | | | |
| Purchased Professional - Educational Services | 7,500.00 | 0.00 | 7,500.00 | 5,638.27 | 1,861.73 |
| Other Purchased Professional & Technical Services | 8,000.00 | 0.00 | 8,000.00 | 6,199.10 | 1,800.90 |
| Total Undist. Expend. - Instr. Staff Training Serv. | 15,500.00 | 0.00 | 15,500.00 | 11,837.37 | 3,662.63 |
| Undist. Expend. - Supp. Serv. - General Admin. | | | | | |
| Salaries | 125,000.00 | 0.00 | 125,000.00 | 125,000.00 | 0.00 |
| Legal Services | 20,000.00 | 0.00 | 20,000.00 | 8,175.00 | 11,825.00 |
| Audit Fees | 15,500.00 | 0.00 | 15,500.00 | 15,500.00 | 0.00 |
| Other Purchased Professional & Technical Services | 4,000.00 | (2,632.84) | 1,367.16 | 0.00 | 1,367.16 |
| Miscellaneous Expenditures | 14,616.00 | 2,632.84 | 17,248.84 | 17,248.84 | 0.00 |
| Total Undist. Expend. - Supp. Serv. - General Admin. | 179,116.00 | 0.00 | 179,116.00 | 165,923.84 | 13,192.16 |
| Undist. Expend. - Support Serv. - School Admin. | | | | | |
| Other Salaries | 7,725.00 | 0.00 | 7,725.00 | 5,775.00 | 1,950.00 |
| Total Undist. Expend. - Support Serv. - School Admin. | 7,725.00 | 0.00 | 7,725.00 | 5,775.00 | 1,950.00 |
| Undistributed Expenditures - Central Services | | | | | |
| Salaries | 121,734.00 | 3,035.00 | 124,769.00 | 124,769.00 | 0.00 |
| Sale/Lease-back Payments | 29,000.00 | (3,035.00) | 25,965.00 | 6,473.13 | 19,491.87 |
| Total Undistributed Expenditures - Central Services | 150,734.00 | 0.00 | 150,734.00 | 131,242.13 | 19,491.87 |
| Undist. Expend. -Required Maintenance for School Facilities | | | | | |
| Cleaning, Repair, and Maintenance Services | 90,750.00 | 0.00 | 90,750.00 | 86,511.00 | 4,239.00 |
| General Supplies | 7,000.00 | 0.00 | 7,000.00 | 1,453.39 | 5,546.61 |
| Total Undist. Expend. -Required Maintenance for School Facilities | 97,750.00 | 0.00 | 97,750.00 | 87,964.39 | 9,785.61 |
| Undist. Expend. - Custodial Services | | | | | |
| Salaries | 30,000.00 | 1,500.00 | 31,500.00 | 31,117.96 | 382.04 |
| Salaries of Non-Instructional Aides | 6,000.00 | (4,000.00) | 2,000.00 | 0.00 | 2,000.00 |
| Cleaning, Repair and Maintenance Services | 175,000.00 | 0.00 | 175,000.00 | 167,189.54 | 7,810.46 |
| Other Purchased Property Services | 196,000.00 | 0.00 | 196,000.00 | 188,327.73 | 7,672.27 |
| Insurance | 37,000.00 | (2,248.97) | 34,751.03 | 29,206.29 | 5,544.74 |
| General Supplies | 10,000.00 | 856.52 | 10,856.52 | 10,856.52 | 0.00 |
| Energy (Natural Gas) | 62,500.00 | 0.00 | 62,500.00 | 49,168.91 | 13,331.09 |
| Energy (Electricity) | 46,000.00 | 0.00 | 46,000.00 | 28,597.03 | 17,402.97 |
| Other Objects | 500.00 | 0.00 | 500.00 | 0.00 | 500.00 |
| Total Undist. Expend. - Custodial Services | 563,000.00 | (3,892.45) | 559,107.55 | 504,463.98 | 54,643.57 |
| Undist. Expend. - Care & Upkeep of Grounds | | | | | |
| Cleaning, Repair and Maintenance Services | 16,000.00 | 0.00 | 16,000.00 | 15,000.00 | 1,000.00 |
| Total Undist. Expend. - Care & Upkeep of Grounds | 16,000.00 | 0.00 | 16,000.00 | 15,000.00 | 1,000.00 |
| Undist. Expend. - Security | | | | | |
| Purchased Professional and Technical Services | 19,500.00 | 0.00 | 19,500.00 | 11,630.16 | 7,869.84 |
| Cleaning, Repair and Maintenance Services | 4,500.00 | 0.00 | 4,500.00 | 2,037.60 | 2,462.40 |
| Total Undist. Expend. - Security | 24,000.00 | 0.00 | 24,000.00 | 13,667.76 | 10,332.24 |
| Total Undist. Expend. - Oper. & Maint. Of Plant | 700,750.00 | (3,892.45) | 696,857.55 | 621,096.13 | 75,761.42 |
| Undist. Expend. - Student Transportation Serv. | | | | | |
| Salaries of Non-Instructional Aides | 7,000.00 | (4,000.00) | 3,000.00 | 0.00 | 3,000.00 |
| Contracted Services - Aid In Lieu of Payment for Non-Public Students | 19,000.00 | 278.40 | 19,278.40 | 17,278.40 | 2,000.00 |
| Contract Services (Other than Between Home & School)-Vendors | 18,000.00 | 0.00 | 18,000.00 | 11,836.50 | 6,163.50 |
| Contract Services - (Between Home and Sch) - Joint Agrmts | 14,000.00 | 6,183.00 | 20,183.00 | 19,001.00 | 1,182.00 |
| Contract Services - (Spl. Ed. Students) - Vendors | 42,000.00 | (5,597.40) | 36,402.60 | 20,404.00 | 15,998.60 |
| Contract Services - (Regular Students) - ESCS & CTSA | 23,000.00 | (864.00) | 22,136.00 | 7,950.60 | 14,185.40 |
| Total Undist. Expend. - Student Transportation Serv. | 123,000.00 | (4,000.00) | 119,000.00 | 76,470.50 | 42,529.50 |

DEAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019
(Unaudited)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|--|---------------------|---------------------|---------------------|---------------------|---|
| Expenditures (Continued): | | | | | |
| Regular Programs - Instruction - Employee Benefits | | | | | |
| Health Benefits | 479,061.00 | 0.00 | 479,061.00 | 454,245.06 | 24,815.94 |
| Total Regular Programs - Instruction | 479,061.00 | 0.00 | 479,061.00 | 454,245.06 | 24,815.94 |
| TOTAL ALLOCATED BENEFITS | 479,061.00 | 0.00 | 479,061.00 | 454,245.06 | 24,815.94 |
| UNALLOCATED BENEFITS | | | | | |
| Other Retirement Contributions - PERS | 13,000.00 | 2,634.00 | 15,634.00 | 15,634.00 | 0.00 |
| Social Security Contributions | 23,500.00 | 3,964.63 | 27,464.63 | 27,464.63 | 0.00 |
| Other Retirement Contributions - ERIP | 1,250.00 | 0.00 | 1,250.00 | 919.42 | 330.58 |
| Unemployment Compensation | 15,000.00 | (4,496.28) | 10,503.72 | 2,357.44 | 8,146.28 |
| Workmen's Compensation | 18,000.00 | 1,510.68 | 19,510.68 | 19,510.68 | 0.00 |
| Health Benefits | 0.00 | 351.60 | 351.60 | 351.60 | 0.00 |
| Tuition Reimbursement | 12,000.00 | (3,964.63) | 8,035.37 | 6,249.00 | 1,786.37 |
| Unused Sick Payment to Terminated/Retired Staff | 26,000.00 | 0.00 | 26,000.00 | 12,712.50 | 13,287.50 |
| TOTAL UNALLOCATED BENEFITS | 108,750.00 | 0.00 | 108,750.00 | 85,199.27 | 23,550.73 |
| On-Behalf TPAF Pension Contributions (non-budgeted) | 0.00 | 0.00 | 0.00 | 263,919.00 | (263,919.00) |
| On-Behalf TPAF OPEB (Post Retire. Medical) Contrib.(non-budgeted) | 0.00 | 0.00 | 0.00 | 119,713.00 | (119,713.00) |
| On-Behalf TPAF LTD Insurance Contributions (non-budgeted) | 0.00 | 0.00 | 0.00 | 393.00 | (393.00) |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | 0.00 | 0.00 | 0.00 | 115,862.04 | (115,862.04) |
| TOTAL ON-BEHALF CONTRIBUTIONS | 0.00 | 0.00 | 0.00 | 499,887.04 | (499,887.04) |
| TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS | 587,811.00 | 0.00 | 587,811.00 | 1,039,331.37 | (451,520.37) |
| TOTAL UNDISTRIBUTED EXPENDITURES | 2,590,351.00 | (14,498.11) | 2,575,852.89 | 2,625,724.12 | (49,871.23) |
| TOTAL GENERAL CURRENT EXPENSE | 4,151,136.00 | (6,500.00) | 4,144,636.00 | 4,168,915.62 | (24,279.62) |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Grades 1-5 | 16,000.00 | 0.00 | 16,000.00 | 9,362.96 | 6,637.04 |
| Grades 6-8 | 16,000.00 | 0.00 | 16,000.00 | 9,362.96 | 6,637.04 |
| Total Equipment | 32,000.00 | 0.00 | 32,000.00 | 18,725.92 | 13,274.08 |
| Facilities Acquisition and Construction Services | | | | | |
| Architectural/Engineering Services | 50,000.00 | 95,000.00 | 145,000.00 | 136,287.82 | 8,712.18 |
| Construction Services | 492,500.00 | (95,000.00) | 397,500.00 | 23,862.98 | 373,637.02 |
| Assessment for Debt Service on SDA Funding | 149.00 | 0.00 | 149.00 | 149.00 | 0.00 |
| Total Facilities and Construction Services | 542,649.00 | 0.00 | 542,649.00 | 160,299.80 | 382,349.20 |
| TOTAL CAPITAL OUTLAY | 574,649.00 | 0.00 | 574,649.00 | 179,025.72 | 395,623.28 |
| TOTAL EXPENDITURES | 4,725,785.00 | (6,500.00) | 4,719,285.00 | 4,347,941.34 | 371,343.66 |
| Excess (Deficiency) of Revenues | | | | | |
| Over (Under) Expenditures | (429,500.00) | (44,130.00) | (473,630.00) | 505,366.30 | 978,996.30 |
| Other Financing Sources (Uses): | | | | | |
| Operating Transfer In (Out): | | | | | |
| Capital Reserve - Transfer to Capital Projects Fund | (425,000.00) | 0.00 | (425,000.00) | 0.00 | (425,000.00) |
| Transfer to Enterprise Fund - Aftercare Program | 0.00 | (6,500.00) | (6,500.00) | (6,392.92) | (107.08) |
| Total Other Financing Sources (Uses): | (425,000.00) | (6,500.00) | (431,500.00) | (6,392.92) | (425,107.08) |
| Excess (Deficiency) of Revenues and Other Financing Sources | | | | | |
| Over (Under) Expenditures and Other Financing Uses | (854,500.00) | (50,630.00) | (905,130.00) | 498,973.38 | 1,404,103.38 |
| Fund Balance, July 1 | 1,268,180.84 | 0.00 | 1,268,180.84 | 1,268,180.84 | 0.00 |
| Fund Balance, June 30 | \$413,680.84 | (50,630.00) | 363,050.84 | 1,767,154.22 | 1,404,103.38 |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Capital Reserve | | | | 1,025,486.71 | |
| Maintenance Reserve | | | | 212,000.00 | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | | | | 0.00 | |
| Excess Surplus - Current year | | | | 276,187.51 | |
| Assigned Fund Balance: | | | | | |
| Designated for Subsequent Year's Expenditures | | | | 0.00 | |
| Unassigned Fund Balance | | | | 253,480.00 | |
| | | | | 1,767,154.22 | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | | |
| Last Two State Aid Payment not recognized on GAAP basis | | | | (223,845.00) | |
| Fund Balance per Governmental Funds (GAAP) | | | | 1,543,309.22 | |

DEAL SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2019
(Unaudited)

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------|---|
| REVENUES: | | | | | |
| Federal Sources | 93,686.00 | 638.00 | 94,324.00 | 94,324.00 | .00 |
| Total Revenues | 93,686.00 | 638.00 | 94,324.00 | 94,324.00 | .00 |
| EXPENDITURES: | | | | | |
| Instruction | | | | | |
| Salaries | 32,841.00 | (6,335.96) | 26,505.04 | 26,505.04 | .00 |
| General Supplies | 13,500.00 | 6,263.96 | 19,763.96 | 19,763.96 | .00 |
| Total Instruction | 46,341.00 | (72.00) | 46,269.00 | 46,269.00 | .00 |
| Support Services | | | | | |
| Professional and Technical Services | 43,684.00 | 675.00 | 44,359.00 | 44,359.00 | .00 |
| Personal Services - Employee Benefits | 2,524.00 | .00 | 2,524.00 | 2,524.00 | .00 |
| Supplies and Materials | 1,137.00 | 35.00 | 1,172.00 | 1,172.00 | .00 |
| Total Support Services | 47,345.00 | 710.00 | 48,055.00 | 48,055.00 | .00 |
| Total Expenditures | 93,686.00 | 638.00 | 94,324.00 | 94,324.00 | .00 |
| Total Outflows | 93,686.00 | 638.00 | 94,324.00 | 94,324.00 | .00 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures & Other Financing Sources (Uses) | \$.00 | .00 | .00 | .00 | .00 |

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

DEAL SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2019
(Unaudited)

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|-----------------------|-----------------------------|
| Sources/inflows of resources | | |
| Actual amounts (budgetary) "revenues" from the budgetary comparison schedules | 4,853,307.64 | 94,324.00 |
| Difference - budget to GAAP: | | |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | 211,499.00 | .00 |
| State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | <u>(223,845.00)</u> | <u>(.00)</u> |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | <u>4,840,961.64</u> | <u>94,324.00</u> |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | 4,347,941.34 | 94,324.00 |
| No Differences - budget to GAAP | | |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. | <u>\$4,347,941.34</u> | <u>94,324.00</u> |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

DEAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Position Liability - PERS
Last Ten Fiscal Years*
(Unaudited)

Public Employees' Retirement System (PERS)

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| District's proportion of the net pension liability (asset) | 0.0015597024% | 0.0012385669% | 0.0011834949% | 0.0011394251% | 0.0011037311% | 0.0010355954% |
| District's proportionate share of the net pension liability (asset) | <u>\$ 307,098</u> | <u>\$ 288,319</u> | <u>\$ 350,517</u> | <u>\$ 255,778</u> | <u>\$ 206,649</u> | <u>\$ 197,923</u> |
| District's covered-employee payroll | \$112,203 | \$109,117 | \$107,424 | \$85,819 | \$77,964 | \$77,408 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 281.44% | 264.23% | 326.29% | 298.04% | 265.06% | 255.69% |
| Plan fiduciary net position as a percentage of the total pension liability (local) | 53.60% | 48.10% | 40.14% | 47.93% | 52.08% | 48.72% |

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

DEAL SCHOOL DISTRICT
Schedule of District's Contribution - PERS
Last Ten Fiscal Years*
(Unaudited)

Public Employees' Retirement System (PERS)

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-----------------|-----------------|-----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 15,514 | \$ 11,474 | \$ 10,601 | \$ 9,796 | \$ 7,803 | \$ 9,862 |
| Contribution in relation to the contractually required contribution | <u>(15,514)</u> | <u>(11,474)</u> | <u>(10,601)</u> | <u>(9,796)</u> | <u>(7,803)</u> | <u>(9,862)</u> |
| Contribution deficiency (excess) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| District's covered-employee payroll | \$ 112,203 | \$ 109,117 | \$ 107,424 | \$ 85,819 | \$ 77,964 | \$ 77,408 |
| Contributions as a percentage of covered-employee payroll | 13.83% | 10.52% | 9.87% | 11.41% | 10.01% | 12.74% |

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

DEAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
Last Ten Fiscal Years*
(Unaudited)

Teachers' Pension and Annuity Fund (TPAF)

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| District's proportion of the net pension liability (asset) ** | N/A | 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 | N/A |
| State's proportionate share of the net pension liability (asset) associated with the District | <u>\$ 8,600,441</u> | <u>\$ 8,575,071</u> | <u>\$ 11,332,233</u> | <u>\$ 7,493,747</u> | <u>\$ 5,947,996</u> | <u>\$ 5,453,103</u> |
| Total | <u>\$ 8,600,441</u> | <u>\$ 8,575,071</u> | <u>\$ 11,332,233</u> | <u>\$ 7,493,747</u> | <u>\$ 5,947,996</u> | <u>\$ 5,453,103</u> |
| District's covered-employee payroll | \$ 1,566,567 | \$ 1,548,328 | \$ 1,413,344 | \$ 1,372,244 | \$ 1,244,950 | \$ 1,200,702 |
| 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 | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | 26.49% | 25.41% | 22.33% | 28.71% | 33.64% | 33.76% |

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the District.

DEAL SCHOOL DISTRICT
Schedule of Changes in District's Proportionate Share of State Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*
(Unaudited)

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| State's proportion of the net OPEB liability (asset) associated with the District | 0.01% | 0.01% |
| District's proportionate share of the net OPEB liability (asset) ** | N/A | N/A |
| State's proportionate share of the net OPEB liability (asset) associated with the District | <u>\$ 4,218,055</u> | <u>\$ 4,955,547</u> |
| Total | <u>\$ 4,218,055</u> | <u>\$ 4,955,547</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability (local) | 0.00% | 0.00% |
| Total OPEB Liability | | |
| Service Cost | \$210,233 | \$254,297 |
| Interest Cost | 183,003 | 156,969 |
| Differences Between Expected and Actual Experiences | (537,794) | - |
| Changes of Assumptions | (484,043) | (653,455) |
| Member Contributions | 3,898 | 4,227 |
| Gross Benefit Payments | <u>(112,789)</u> | <u>(114,781)</u> |
| Net Change in Total OPEB Liability | <u>(737,492)</u> | <u>(352,743)</u> |
| Total OPEB Liability - Beginning | <u>4,955,547</u> | <u>5,308,290</u> |
| Total OPEB Liability - Ending | <u>\$ 4,218,055</u> | <u>\$ 4,955,547</u> |
| District's Covered-Employee Payroll | \$ 1,678,770 | \$ 1,657,445 |
| District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll | 0.00% | 0.00% |

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

** Note: OPEB is a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (employer) does not contribute directly to the plan there is no net OPEB liability to report in the financial statements of the District.

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

DEAL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) SCHEDULES
JUNE 30, 2019

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules:

Changes of benefit terms.

There were none.

Changes of assumptions.

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

Public Employees' Retirement System (PERS)

Pension Schedules:

Changes of benefit terms.

There were none.

Changes of assumptions.

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

Other Post-Employment Benefits

OPEB Schedules:

Changes of benefit terms.

There were none.

Changes of assumptions.

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

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is 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.

DEAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2019

| | <u>No Child Left Behind</u> | | <u>I.D.E.A.</u> | <u>I.D.E.A.</u> | |
|---|-----------------------------|-----------------|-----------------|------------------|---------------|
| | <u>Title I</u> | <u>Title II</u> | <u>Part B</u> | <u>Part B</u> | |
| | | <u>Part A</u> | <u>Basic</u> | <u>Preschool</u> | <u>Totals</u> |
| REVENUES: | | | | | |
| Federal Sources | 48,793.00 | 5,264.00 | 39,095.00 | 1,172.00 | 94,324.00 |
| Total Revenues | 48,793.00 | 5,264.00 | 39,095.00 | 1,172.00 | 94,324.00 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries | 26,505.04 | .00 | .00 | .00 | 26,505.04 |
| General Supplies | 19,763.96 | .00 | .00 | .00 | 19,763.96 |
| Total Instruction | 46,269.00 | .00 | .00 | .00 | 46,269.00 |
| Support Services: | | | | | |
| Professional and Technical Services | .00 | 5,264.00 | 39,095.00 | .00 | 44,359.00 |
| Personal Services - Employee Benefits | 2,524.00 | .00 | .00 | .00 | 2,524.00 |
| Supplies and Materials | .00 | .00 | .00 | 1,172.00 | 1,172.00 |
| Total Support Services | 2,524.00 | 5,264.00 | 39,095.00 | 1,172.00 | 48,055.00 |
| Total Expenditures | 48,793.00 | 5,264.00 | 39,095.00 | 1,172.00 | 94,324.00 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$.00 | .00 | .00 | .00 | .00 |

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

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 schools.

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

DEAL SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Trust and Agency Funds
June 30, 2019

| | <u>Trust</u> | <u>Agency</u> | | |
|---|--------------------------------------|-----------------------------|------------------|----------------------------------|
| | <u>Unemployment Compensation</u> | <u>Student Activity</u> | <u>Payroll</u> | <u>Total Agency Fund</u> |
| ASSETS: | | | | |
| Cash and Cash Equivalents | 20,961.77 | 5,919.99 | 37,549.00 | 43,468.99 |
| Interfund Receivable | <u>42,315.28</u> | <u>.00</u> | <u>5,286.85</u> | <u>5,286.85</u> |
| Total Assets | <u>63,277.05</u> | <u>5,919.99</u> | <u>42,835.85</u> | <u>48,755.84</u> |
| LIABILITIES: | | | | |
| Payroll Deductions and Withholdings | .00 | .00 | 520.57 | 520.57 |
| Interfund Payable | .00 | .00 | 42,315.28 | 42,315.28 |
| Due to Student Groups | <u>.00</u> | <u>5,919.99</u> | <u>.00</u> | <u>5,919.99</u> |
| Total Liabilities | <u>.00</u> | <u>5,919.99</u> | <u>42,835.85</u> | <u>48,755.84</u> |
| NET POSITION: | | | | |
| Held in Trust for Unemployment Claims and Other Purposes | <u>63,277.05</u> | | | |
| Total Net Position | <u>\$63,277.05</u> | | | |

DEAL SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
For the Fiscal Year Ended June 30, 2019

| | <u>Unemployment Compensation Trust</u> |
|----------------------------------|---|
| ADDITIONS: | |
| Contribution: | |
| Employee Contributions | 5,852.48 |
| Board Contributions | <u>2,357.44</u> |
| Total Contributions | <u>8,209.92</u> |
| Investment Earnings: | |
| Interest | <u>.00</u> |
| Net Investment Earnings | <u>.00</u> |
| Total Additions | <u>8,209.92</u> |
| DEDUCTIONS: | |
| Unemployment Claims | <u>.00</u> |
| Total Deductions | <u>.00</u> |
| Change in Net Position | 8,209.92 |
| Net Position - Beginning of Year | <u>55,067.13</u> |
| Net Position - End of Year | <u><u>\$63,277.05</u></u> |

DEAL SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2019

| | <u>Balance</u> <u>July 1, 2018</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2019</u> |
|---------------------|---|--|---|--|
| Elementary Schools: | | | | |
| Deal Elementary | <u>\$4,863.02</u> | <u>9,095.24</u> | <u>8,038.27</u> | <u>5,919.99</u> |

DEAL SCHOOL DISTRICT
Schedule of Receipts and Disbursements
Payroll Agency Fund
For the Fiscal Year Ended June 30, 2019

| | <u>Balance</u> <u>July 1, 2018</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2019</u> |
|--|---------------------------------------|--------------------------------|-------------------------------------|--|
| Interfunds | 31,850.19 | 5,178.24 | .00 | 37,028.43 |
| Payroll Deductions and Withholdings | <u>729.99</u> | <u>1,361,847.73</u> | <u>1,362,057.15</u> | <u>520.57</u> |
| Totals | <u>\$32,580.18</u> | <u>1,367,025.97</u> | <u>1,362,057.15</u> | <u>37,549.00</u> |

STATISTICAL SECTION (Unaudited)

Deal School District
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 324,456 | \$ 303,083 | \$ 549,931 | \$ 1,229,976 | \$ 2,217,570 | \$ 2,884,660 | \$ 3,193,960 | \$ 3,517,849 | \$ 3,532,260 | \$ 3,552,006 |
| Restricted | 471,518 | 224,184 | 148,274 | 237,487 | 237,487 | 276,091 | 453,074 | 814,469 | 887,486 | 1,513,674 |
| Unrestricted | 206,338 | 216,977 | - | 49,111 | (84,279) | (85,374) | (115,838) | (343,780) | (183,079) | (352,758) |
| Total governmental activities net position | <u>\$ 1,002,312</u> | <u>\$ 744,244</u> | <u>\$ 698,205</u> | <u>\$ 1,516,574</u> | <u>\$ 2,370,778</u> | <u>\$ 3,075,377</u> | <u>\$ 3,531,196</u> | <u>\$ 3,988,538</u> | <u>\$ 4,236,667</u> | <u>\$ 4,712,922</u> |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | (2,066) | (2,066) | - | - | - | - | - | - | 2,484 | 373 |
| Total business-type activities net position | <u>\$ (2,066)</u> | <u>\$ (2,066)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,484</u> | <u>\$ 373</u> |
| District-wide | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 324,456 | \$ 303,083 | \$ 549,931 | \$ 1,229,976 | \$ 2,217,570 | \$ 2,884,660 | \$ 3,193,960 | \$ 3,517,849 | \$ 3,532,260 | \$ 3,552,006 |
| Restricted | 471,518 | 224,184 | 148,274 | 237,487 | 237,487 | 276,091 | 453,074 | 814,469 | 887,486 | 1,513,674 |
| Unrestricted | 204,272 | 214,911 | - | 49,111 | (84,279) | (85,374) | (115,838) | (343,780) | (180,595) | (352,385) |
| Total district net position | <u>\$ 1,000,246</u> | <u>\$ 742,178</u> | <u>\$ 698,205</u> | <u>\$ 1,516,574</u> | <u>\$ 2,370,778</u> | <u>\$ 3,075,377</u> | <u>\$ 3,531,196</u> | <u>\$ 3,988,538</u> | <u>\$ 4,239,151</u> | <u>\$ 4,713,295</u> |

Deal School District
Changes in Net Assets/Net Position
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 1,119,005 | \$ 1,252,504 | \$ 1,436,437 | \$ 1,379,458 | \$ 1,424,411 | \$ 1,658,199 | \$ 1,932,605 | \$ 2,164,747 | \$ 2,216,484 | \$ 2,170,259 |
| Special education | 54,995 | 27,100 | 39,171 | 44,821 | 104,216 | 95,066 | 97,393 | 183,742 | 303,714 | 256,845 |
| Other special education | - | - | - | - | - | - | - | - | - | - |
| Vocational | - | - | - | - | - | - | - | - | - | - |
| Other instruction | 65,768 | 60,868 | 76,074 | 67,092 | 69,106 | 74,127 | 127,568 | 130,099 | 144,496 | 125,582 |
| Nonpublic school programs | - | - | - | - | - | - | - | - | - | - |
| Support Services: | | | | | | | | | | |
| Tuition | 203,919 | 226,439 | 261,619 | 228,720 | 207,447 | 169,172 | 120,531 | 138,322 | 136,903 | 79,779 |
| Student & instruction related services | 360,696 | 345,779 | 362,483 | 480,517 | 512,074 | 675,996 | 708,004 | 730,244 | 811,465 | 796,381 |
| General administration | 134,464 | 139,929 | 165,846 | 188,095 | 217,551 | 89,447 | 99,200 | 106,206 | 93,595 | 286,729 |
| School administrative and central services | 163,218 | 116,865 | 135,487 | 162,587 | 147,911 | 338,505 | 429,925 | 470,307 | 465,302 | 244,830 |
| Plant operations and maintenance | 378,767 | 430,425 | 825,623 | 691,742 | 671,822 | 620,525 | 712,405 | 669,213 | 658,704 | 630,917 |
| Administrative information technology | - | - | - | - | - | - | - | - | - | - |
| Pupil transportation | 114,540 | 130,139 | 124,668 | 96,586 | 110,231 | 67,333 | 76,355 | 95,793 | 77,781 | 76,471 |
| Other support services | - | - | - | - | - | - | - | - | - | - |
| Special Schools | - | - | - | - | - | - | - | - | - | - |
| Charter Schools | - | - | - | - | - | - | - | - | - | - |
| Interest on long-term debt | - | - | - | - | - | - | - | - | - | - |
| Unallocated depreciation | 9,852 | 9,806 | 11,636 | 24,082 | 47,480 | 81,631 | 95,726 | 109,714 | 119,393 | 123,549 |
| Total governmental activities expenses | 2,605,224 | 2,739,854 | 3,439,044 | 3,363,700 | 3,512,249 | 3,870,001 | 4,399,712 | 4,798,387 | 5,027,837 | 4,791,342 |
| Business-type activities: | | | | | | | | | | |
| Food service | 1,786 | - | - | - | - | - | - | - | - | - |
| Aftercare Program | - | - | - | - | - | - | - | - | 27,190 | 27,235 |
| Total business-type activities expense | 1,786 | - | - | - | - | - | - | - | 27,190 | 27,235 |
| Total district expenses | 2,607,010 | 2,739,854 | 3,439,044 | 3,363,700 | 3,512,249 | 3,870,001 | 4,399,712 | 4,798,387 | 5,055,027 | 4,818,577 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction | 293,492 | 240,501 | - | - | - | - | - | - | - | - |
| Pupil transportation | - | - | - | - | - | - | - | - | - | - |
| Central and other support services | - | - | - | - | - | - | - | - | - | - |
| Operating grants and contributions | - | - | - | 35,079 | 36,823 | 38,021 | 75,912 | 69,573 | 93,686 | 94,324 |
| Capital grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Total governmental activities program revenues | 293,492 | 240,501 | - | 35,079 | 36,823 | 38,021 | 75,912 | 69,573 | 93,686 | 94,324 |

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Deal School District
Changes in Net Assets/Net Position
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

Exhibit J-2
(continued)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Food service | 1,410 | - | - | - | - | - | - | - | - | - |
| Aftercare Program | - | - | - | - | - | - | - | - | 29,674 | 18,730 |
| Operating grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Capital grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Total business type activities program revenues | 1,410 | - | - | - | - | - | - | - | 29,674 | 18,730 |
| Total district program revenues | \$ 294,902 | \$ 240,501 | - | \$ 35,079 | \$ 36,823 | \$ 38,021 | \$ 75,912 | \$ 69,573 | \$ 123,360 | \$ 113,054 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (2,311,732) | \$ (2,499,353) | \$ (3,439,044) | \$ (3,328,621) | \$ (3,475,426) | \$ (3,831,980) | \$ (4,323,800) | \$ (4,728,814) | \$ (4,934,151) | \$ (4,697,018) |
| Business-type activities | (376) | - | - | - | - | - | - | - | 2,484 | (8,505) |
| Total district-wide net expense | \$ (2,312,108) | \$ (2,499,353) | \$ (3,439,044) | \$ (3,328,621) | \$ (3,475,426) | \$ (3,831,980) | \$ (4,323,800) | \$ (4,728,814) | \$ (4,931,667) | \$ (4,705,523) |
| General Revenues and Other | | | | | | | | | | |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | \$ 1,891,294 | \$ 1,929,120 | \$ 1,967,702 | \$ 1,967,702 | \$ 1,967,702 | \$ 1,967,702 | \$ 1,967,702 | \$ 1,967,702 | \$ 1,967,702 | \$ 2,007,056 |
| Taxes levied for debt service | - | - | - | - | - | - | - | - | - | - |
| Unrestricted grants and contributions | 292,902 | 210,355 | 1,326,988 | 2,076,840 | 2,335,557 | 2,444,017 | 2,762,463 | 3,178,240 | 3,170,832 | 3,068,324 |
| Payments in lieu of taxes | - | - | - | - | - | - | - | - | - | - |
| Tuition received | - | - | - | - | - | - | - | - | - | - |
| Investment earnings | 1,035 | 824 | 36 | - | - | - | - | - | - | - |
| Miscellaneous income | 104,036 | 100,986 | 106,555 | 102,529 | 26,371 | 80,884 | 49,453 | 40,215 | 43,746 | 104,286 |
| Transfers | - | - | (2,066) | - | - | - | - | - | - | (6,393) |
| Total governmental activities program revenues | 2,289,267 | 2,241,285 | 3,399,215 | 4,147,071 | 4,329,630 | 4,492,603 | 4,779,618 | 5,186,157 | 5,182,280 | 5,173,273 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | 2,066 | - | - | - | - | - | - | 6,393 |
| Fixed asset adjustment | - | - | - | - | - | - | - | - | - | - |
| Total business-type activities program revenues | - | - | 2,066 | - | - | - | - | - | - | 6,393 |
| Total district-wide revenues | \$ 2,289,267 | \$ 2,241,285 | \$ 3,401,281 | \$ 4,147,071 | \$ 4,329,630 | \$ 4,492,603 | \$ 4,779,618 | \$ 5,186,157 | \$ 5,182,280 | \$ 5,179,666 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (22,465) | \$ (258,068) | \$ (39,829) | \$ 818,450 | \$ 854,204 | \$ 660,623 | \$ 455,818 | \$ 457,343 | \$ 248,129 | \$ 476,255 |
| Business-type activities | (376) | - | 2,066 | - | - | - | - | - | 2,484 | (2,112) |
| Total district | \$ (22,841) | \$ (258,068) | \$ (37,763) | \$ 818,450 | \$ 854,204 | \$ 660,623 | \$ 455,818 | \$ 457,343 | \$ 250,613 | \$ 474,143 |

Deal School District
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 471,518 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 334,547 | - | - | - | - | - | - | - | - | - |
| Restricted | - | 224,183 | 237,487 | 237,487 | 237,487 | 276,091 | 453,074 | 814,469 | 887,487 | 1,513,674 |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | 340,908 | 49,422 | 181,449 | 81,275 | 112,645 | 160,082 | 178,895 | 140,000 | - |
| Unassigned | - | 3,807 | - | 22,545 | - | 70,596 | 4,968 | (197,580) | 29,195 | 29,635 |
| Total General fund | <u>\$ 806,065</u> | <u>\$ 568,898</u> | <u>\$ 286,909</u> | <u>\$ 441,481</u> | <u>\$ 318,762</u> | <u>\$ 459,332</u> | <u>\$ 618,124</u> | <u>\$ 795,784</u> | <u>\$ 1,056,682</u> | <u>\$ 1,543,309</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | - | - | - | - | - | - | - | - | - | - |
| Unreserved | - | - | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Total all Other Governmental Funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Beginning with Fiscal Year 2011, the District implemented GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

Deal School District
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------------------|---------------------|---------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Tax levy | \$ 1,891,294 | \$ 1,929,120 | \$ 1,967,702 | \$ 1,967,702 | \$ 1,967,702 | \$ 1,967,702 | \$ 1,967,702 | \$ 1,967,702 | \$ 1,967,702 | \$ 2,007,056 |
| Tuition charges | 293,492 | 240,501 | - | - | - | - | - | - | - | - |
| Interest earnings | 1,036 | 823 | 36 | - | - | - | - | - | - | - |
| Miscellaneous | 104,036 | 100,986 | 106,555 | 102,529 | 26,371 | 35,305 | 49,453 | 40,215 | 43,746 | 104,285 |
| State sources | 265,422 | 186,007 | 1,297,507 | 2,076,840 | 2,335,557 | 2,188,059 | 2,420,238 | 2,469,835 | 2,566,548 | 2,729,620 |
| Federal sources | 27,479 | 24,349 | 29,481 | 35,079 | 36,823 | 38,021 | 75,912 | 69,573 | 93,686 | 94,324 |
| Total revenue | 2,582,759 | 2,481,786 | 3,401,281 | 4,182,150 | 4,366,453 | 4,229,087 | 4,513,305 | 4,547,325 | 4,671,682 | 4,935,285 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 822,123 | 861,533 | 1,014,930 | 1,048,621 | 1,073,447 | 1,114,785 | 1,250,693 | 1,224,026 | 1,310,072 | 1,373,328 |
| Special education instruction | 37,394 | 20,193 | 32,444 | 32,043 | 76,122 | 59,676 | 58,332 | 116,074 | 156,140 | 135,304 |
| Other special instruction | 53,718 | 53,538 | 67,333 | 50,866 | 59,094 | 54,502 | 88,747 | 73,852 | 93,385 | 80,828 |
| Support Services: | | | | | | | | | | |
| Tuition | 203,919 | 226,440 | 261,619 | 228,720 | 207,447 | 169,172 | 120,531 | 138,323 | 136,903 | 79,779 |
| Student & instruction related services | 329,311 | 337,904 | 348,648 | 367,447 | 427,841 | 503,142 | 522,695 | 490,595 | 545,704 | 554,161 |
| General administrative | 113,814 | 90,586 | 133,178 | 135,435 | 160,752 | 63,209 | 61,902 | 61,799 | 55,605 | 165,924 |
| School administrative services | - | 4,250 | - | - | - | 100,000 | 130,525 | 103,850 | 109,625 | 5,775 |
| Central services | 91,272 | 95,362 | 112,896 | 120,523 | 109,212 | 131,745 | 136,190 | 138,698 | 142,202 | 131,242 |
| Operations and maintenance | 378,189 | 428,513 | 792,901 | 636,585 | 638,380 | 603,952 | 692,717 | 642,129 | 649,971 | 621,096 |
| Student transportation | 99,340 | 130,139 | 124,669 | 96,586 | 110,231 | 67,333 | 76,355 | 95,793 | 77,701 | 76,471 |
| Unallocated employee benefits | 422,946 | 453,078 | 476,938 | 497,305 | 552,514 | 692,404 | 749,347 | 795,661 | 948,171 | 1,039,331 |
| Capital outlay | 51,747 | 17,417 | 309,358 | 813,447 | 1,074,133 | 574,176 | 466,479 | 488,865 | 185,305 | 179,026 |
| Debt service: | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - | - |
| Interest and other charges | - | - | - | - | - | - | - | - | - | - |
| Total general fund expenditures | 2,603,773 | 2,718,953 | 3,674,914 | 4,027,578 | 4,489,173 | 4,134,096 | 4,354,513 | 4,369,665 | 4,410,784 | 4,442,265 |
| Excess (Deficiency) of revenues over (under) expenditures | (21,014) | (237,167) | (273,633) | 154,572 | (122,720) | 94,991 | 158,792 | 177,660 | 260,898 | 493,020 |
| Other Financing sources (uses) | | | | | | | | | | |
| Insurance Recoveries | - | - | - | - | - | 45,580 | - | - | - | - |
| Prior year's account payable cancelled | - | - | - | - | - | - | - | - | - | - |
| Accrued interest on bonds | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | (2,066) | - | - | - | - | - | - | (6,393) |
| Total other financing sources (uses) | - | - | (2,066) | - | - | 45,580 | - | - | - | (6,393) |
| Net change in fund balances | \$ (21,014) | \$ (237,167) | \$ (275,699) | \$ 154,572 | \$ (122,720) | \$ 140,571 | \$ 158,792 | \$ 177,660 | \$ 260,898 | \$ 486,627 |
| Debt service as a percentage of noncapital expenditures | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

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

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|----------------------------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Interest | 1,035 | 823 | 36 | - | - | - | - | - | - | - |
| Tuition | 293,492 | 240,501 | - | - | - | - | - | - | - | - |
| Transportation fees | - | - | - | - | - | - | - | - | - | - |
| Admissions | - | - | - | - | - | - | - | - | - | - |
| Contributions | - | - | - | - | - | - | - | - | - | - |
| Refund prior year's expenditures | - | - | - | - | - | - | - | - | - | - |
| Polling place rentals | - | - | - | - | - | - | - | - | - | - |
| Book fines | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 104,036 | 100,986 | 106,555 | 102,529 | 26,371 | 35,305 | 49,453 | 40,215 | 43,746 | 104,285 |
| | <u>398,563</u> | <u>342,310</u> | <u>106,591</u> | <u>102,529</u> | <u>26,371</u> | <u>35,305</u> | <u>49,453</u> | <u>40,215</u> | <u>43,746</u> | <u>104,285</u> |

Source: District Records

DEAL SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Less: Tax-Exempt Property | Public Utilities | Net Valuation Taxable | Total Direct School Tax Rate | Estimated Actual (County Equalized Value) |
|----------------------------|-------------|---------------|-----------|-------|------------|------------|-----------|----------------------|---------------------------|------------------|-----------------------|------------------------------|---|
| 2010 | 121,464,500 | 2,507,573,100 | 0 | 0 | 30,806,000 | 0 | 5,240,500 | 2,665,084,100 | 0 | 1,126,173 | 2,666,210,273 | 0.072 | 2,842,847,654 |
| 2011 | 114,989,500 | 2,467,029,400 | 0 | 0 | 30,662,000 | 0 | 5,240,500 | 2,617,921,400 | 0 | 1,006,538 | 2,618,927,938 | 0.075 | 2,864,330,719 |
| RA 2012 | 83,920,500 | 1,959,860,500 | 0 | 0 | 24,490,000 | 0 | 3,790,700 | 2,072,061,700 | 0 | 1,032,793 | 2,073,094,493 | 0.095 | 2,654,960,932 |
| 2013 | 207,785,300 | 1,943,019,000 | 0 | 0 | 26,117,100 | 0 | 3,790,700 | 2,180,712,100 | 0 | 874,923 | 2,181,587,023 | 0.095 | 2,387,169,930 |
| 2014 | 83,120,900 | 1,715,030,600 | 0 | 0 | 24,296,500 | 0 | 3,623,500 | 1,826,071,500 | 0 | 743,492 | 1,826,814,992 | 0.108 | 1,791,702,365 |
| 2015 | 81,671,300 | 1,859,758,100 | 0 | 0 | 24,378,600 | 0 | 3,222,900 | 1,969,030,900 | 0 | 774,719 | 1,969,805,619 | 0.108 | 2,079,230,095 |
| RA 2016 | 92,816,800 | 1,876,035,600 | 0 | 0 | 22,591,200 | 0 | 3,128,200 | 1,994,571,800 | 0 | 776,055 | 1,995,347,855 | 0.099 | 2,086,507,982 |
| 2017 | 99,040,300 | 1,996,600,500 | 0 | 0 | 22,723,000 | 0 | 3,215,600 | 2,121,579,400 | 0 | 776,200 | 2,122,355,600 | 0.093 | 2,211,236,367 |
| 2018 | 102,726,600 | 2,026,921,200 | 0 | 0 | 19,534,600 | 0 | 3,669,100 | 2,152,851,500 | 0 | 778,315 | 2,153,629,815 | 0.093 | 2,171,428,258 |
| 2019 | 139,645,800 | 2,165,782,800 | 0 | 0 | 18,427,900 | 0 | 3,772,100 | 2,327,628,600 | 0 | 780,287 | 2,328,408,887 | 0.086 | 2,179,844,782 |

Source: District records Tax list summary & Municipal Tax Assessor

RV: Revaluation
 RA: Reassessment

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

| Fiscal Year Ended June 30, | Deal School District Direct Rate | | | Overlapping Rates | | Total Direct and Overlapping Tax Rate |
|-------------------------------|----------------------------------|------------------------------------|---------------------------------|--------------------|-----------------|---|
| | Basic Rate | General Obligation Debt Service | Total Direct School Tax Rate | Borough of Deal | Monmouth County | |
| 2010 | 0.072 | 0.000 | 0.072 | 0.168 | 0.287 | 0.527 |
| 2011 | 0.075 | 0.000 | 0.075 | 0.186 | 0.302 | 0.563 |
| 2012 | 0.095 | 0.000 | 0.095 | 0.242 | 0.359 | 0.696 |
| 2013 | 0.095 | 0.000 | 0.095 | 0.258 | 0.349 | 0.702 |
| 2014 | 0.108 | 0.000 | 0.108 | 0.306 | 0.300 | 0.714 |
| 2015 | 0.100 | 0.000 | 0.100 | 0.293 | 0.322 | 0.715 |
| 2016 | 0.099 | 0.000 | 0.099 | 0.292 | 0.308 | 0.699 |
| 2017 | 0.093 | 0.000 | 0.093 | 0.304 | 0.300 | 0.697 |
| 2018 | 0.093 | 0.000 | 0.093 | 0.304 | 0.297 | 0.694 |
| 2019 | 0.086 | 0.000 | 0.086 | 0.301 | 0.322 | 0.709 |

Source: District Records and Municipal Tax Collector

**Deal School District
Principal Property TaxPayers*
Current Year and Nine Years Ago
Unaudited**

| Taxpayer | 2019 | | | 2010 | | |
|-------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | % of Total District Net Assessed Value | Taxable Assessed Value | Rank | % of Total District Net Assessed Value |
| Individual Taxpayer #1 | \$ 29,089,600 | 1 | 1.25% | | | |
| Individual Taxpayer #2 | 17,049,700 | 2 | 0.73% | | | |
| Individual Taxpayer #3 | 15,128,100 | 3 | 0.65% | | | |
| Individual Taxpayer #4 | 12,688,000 | 4 | 0.54% | | | |
| Individual Taxpayer #5 | 12,484,300 | 5 | 0.54% | | | |
| Individual Taxpayer #6 | 11,893,300 | 6 | 0.51% | | N/A | |
| Individual Taxpayer #7 | 11,549,100 | 7 | 0.50% | | | |
| Individual Taxpayer #8 | 11,339,500 | 8 | 0.49% | | | |
| Individual Taxpayer #9 | 11,100,900 | 9 | 0.48% | | | |
| Individual Taxpayer #10 | 11,061,700 | 10 | 0.48% | | | |
| Total | <u>\$ 143,384,200</u> | | <u>6.17%</u> | | | |

Source: Municipal Tax Assessor

Deal School District
 Property Tax Levies and Collections
 Last Ten Fiscal Years
 Unaudited

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Amount | Percentage of Levy | Collections in Subsequent Years |
|-------------------------------|-------------------------------------|-----------|--------------------|------------------------------------|
| 2010 | 1,891,293 | 1,891,293 | 100.00% | 0 |
| 2011 | 1,929,120 | 1,929,120 | 100.00% | 0 |
| 2012 | 1,967,702 | 1,967,702 | 100.00% | 0 |
| 2013 | 1,967,702 | 1,967,702 | 100.00% | 0 |
| 2014 | 1,967,702 | 1,967,702 | 100.00% | 0 |
| 2015 | 1,967,702 | 1,967,702 | 100.00% | 0 |
| 2016 | 1,967,702 | 1,967,702 | 100.00% | 0 |
| 2017 | 1,967,702 | 1,967,702 | 100.00% | 0 |
| 2018 | 1,967,702 | 1,967,702 | 100.00% | 0 |
| 2019 | 2,007,056 | 2,007,056 | 100.00% | 0 |

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

Deal School District
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 Unaudited

Not Applicable

| Fiscal Year Ended June 30, | Governmental Activities | | | | Business-Type Activities | | Total District | Percentage of Personal Income | Per Capita |
|-------------------------------|--------------------------|----------------------------------|-------------------|--------------------------------------|--------------------------|--|-------------------|----------------------------------|------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | | | | |
| 2010 | | | | | | | | | |
| 2011 | | | | | | | | | |
| 2012 | | | | | | | | | |
| 2013 | | | | | | | | | |
| 2014 | | | | | | | | | |
| 2015 | | | | | | | | | |
| 2016 | | | | | | | | | |
| 2017 | | | | | | | | | |
| 2018 | | | | | | | | | |
| 2019 | | | | | | | | | |

Deal School District
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Not Applicable

General Bonded Debt Outstanding

| <u>Fiscal Year Ended June 30,</u> | <u>General Obligation Bonds</u> | <u>Deductions</u> | <u>Net General Bonded Debt Outstanding</u> | <u>Percentage of Actual Taxable Value of Property</u> | <u>Per Capita</u> |
|---------------------------------------|---|-------------------|--|---|-------------------|
| 2010 | | | | | |
| 2011 | | | | | |
| 2012 | | | | | |
| 2013 | | | | | |
| 2014 | | | | | |
| 2015 | | | | | |
| 2016 | | | | | |
| 2017 | | | | | |
| 2018 | | | | | |
| 2019 | | | | | |

Deal School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019
Unaudited

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|-----------------------------|--|--|
| Debt repaid with property taxes | | | |
| Borough of Deal | 3,177,176 | 100% | 3,177,176 |
| Other debt | | | |
| Monmouth County | 557,986,966 | 0.02% | <u>11,506,378</u> |
| Subtotal, overlapping debt | | | 14,683,554 |
| Deal School District Debt | | | <u>0</u> |
| Total direct and overlapping debt | | | <u><u>\$14,683,554</u></u> |

**Deal School District
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

Not applicable

Legal Debt Margin Calculation for Fiscal Year 2019

| | |
|---|---------------------------|
| | Equalized valuation basis |
| | 2018 2,631,847,800 |
| | 2017 2,170,652,058 |
| | 2016 <u>2,197,685,573</u> |
| Average equalized valuation of taxable property | <u>\$2,333,395,144</u> |
| Debt limit (3 % of average equalization value) | 70,001,854 |
| Total Net Debt Applicable to Limit | - |
| Legal debt margin | <u>\$ 70,001,854</u> |

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Debt limit | | | | | | | | | | |
| Total net debt applicable to limit | | | | | | | | | | |
| Legal debt margin | | | | | | | | | | |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Deal School District
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

| <u>Year</u> | <u>Population</u> | <u>Personal Income</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|-------------|-------------------|------------------------|---------------------------------------|------------------------------|
| 2010 | 753 | - | 57,489 | 5.5% |
| 2011 | 752 | - | 60,543 | 5.5% |
| 2012 | 747 | - | 62,969 | 5.6% |
| 2013 | 741 | - | 63,662 | 5.8% |
| 2014 | 736 | - | 67,069 | 6.1% |
| 2015 | 734 | - | 70,231 | 5.7% |
| 2016 | 731 | - | 72,248 | 4.5% |
| 2017 | 729 | - | 75,395 | 3.7% |
| 2018 | 723 | - | N/A | 2.6% |
| 2019 | 743 | - | N/A | N/A |

Deal School District
Principal Employers
Current Year and Nine Years Ago
Unaudited

Not Available

| Employer | 2019 | | | 2010 | | |
|----------|-----------|------|---|-----------|------|---|
| | Employees | Rank | Percentage of Total Municipality Employment | Employees | Rank | Percentage of Total Municipality Employment |
| | | | | | | |

**Deal School District
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited**

| <u>Function/Program</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 12.7 | 12.7 | 12.7 | 12.7 | 12.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 |
| Special education | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Other special education | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Vocational | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other instruction | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 |
| Nonpublic school programs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Adult/continuing education programs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 0.4 | 0.4 | 0.4 | 0.4 | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| General administrative services | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| School administrative services | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Other administrative services | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Central services | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Administrative information technology | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Plant operations and maintenance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pupil transportation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other support services | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Special Schools | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Food Service | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Child Care | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 18.1 | 18.1 | 18.1 | 18.1 | 19.7 | 23.0 | 25.0 | 25.0 | 26.0 | 26.0 |

Source: District Personnel Records

**Deal School District
Operating Statistics
Last Ten Fiscal Years
Unaudited**

| Fiscal Year | Daily Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | | Average Daily Attendance (ADA) ^c |
|-------------|------------------|-------------------------------------|----------------|-------------------|-----------------------------|---------------------|---------------|--------------------|---|
| | | | | | | Elementary | Middle School | Senior High School | |
| 2010 | 92 | 2,524,546 | \$ 27,441 | 8.60% | 13.1 | 7.60:1 | | | |
| 2011 | 102 | 2,677,188 | \$ 26,247 | -4.35% | 13.1 | 7.78:1 | | | |
| 2012 | 124 | 3,365,556 | \$ 27,142 | 3.41% | 13.1 | 9.46:1 | | | |
| 2013 | 154 | 3,214,131 | \$ 20,871 | -23.10% | 13.1 | 8.85:1 | | | |
| 2014 | 156 | 3,415,039 | \$ 21,891 | 4.89% | 16.1 | 9.75:1 | | | |
| 2015 | 163 | 3,559,920 | \$ 21,840 | -0.23% | 17.1 | 9.58:1 | | | |
| 2016 | 165 | 3,868,034 | \$ 23,564 | 7.89% | 17.1 | 9.58:1 | | | |
| 2017 | 167 | 3,880,800 | \$ 23,238 | -1.38% | 17.1 | 10.6:1 | | | |
| 2018 | 171 | 4,225,479 | \$ 24,710 | 6.33% | 17.1 | 10.6:1 | | | |
| 2019 | 171 | 4,263,240 | \$ 24,931 | 0.89% | 17.1 | 10.6:1 | | | |

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule B-2
- 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).

Deal School District
School Building Information
Last Ten Fiscal Years
Unaudited

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| District Building | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| Deal Elementary | | | | | | | | | | |
| Square Feet | 37,119 | 37,119 | 37,119 | 37,119 | 37,119 | 37,119 | 37,119 | 37,119 | 37,119 | 37,119 |
| Capacity (students) | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 |
| Enrollment | 92 | 102 | 124 | 154 | 156 | 163 | 165 | 167 | 171 | 171 |

Number of Schools at June 30, 2017
Elementary = 1

Source: District records, ASSA

**Deal School District
 Schedule of Required Maintenance Expenditures by School Facility
 Last Ten Fiscal years
 Unaudited**

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

| <u>Fiscal Year Ended June 30,</u> | <u>Deal Elementary School</u> | <u>Total</u> |
|---------------------------------------|-----------------------------------|--------------|
| 2010 | 82,860 | 82,860 |
| 2011 | 136,663 | 136,663 |
| 2012 | 73,371 | 73,371 |
| 2013 | 84,557 | 84,557 |
| 2014 | 87,383 | 87,383 |
| 2015 | 84,386 | 84,386 |
| 2016 | 88,128 | 88,128 |
| 2017 | 78,977 | 78,977 |
| 2018 | 85,051 | 85,051 |
| 2019 | 87,964 | 87,964 |

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

Source: District records

Deal School District
Insurance Schedule
Year Ended June 30, 2019
Unaudited

| Type of Coverage | Coverage | Deductible |
|--|----------------|------------|
| Package Policy - MOCSSIF/NJSIG | | |
| Property - Blanket Building & Business Personal Property | \$ 8,335,394 | \$ 1,000 |
| Blanket Extra Expense | \$ 50,000,000 | \$ 1,000 |
| Valuable Papers | \$ 10,000,000 | \$ 1,000 |
| Boiler & Machinery | \$ 100,000,000 | \$ 1,000 |
| Comprehensive General Liability | \$ 11,000,000 | - |
| Employee Benefits Liability | \$ 11,000,000 | \$ 1,000 |
| Hired & Non-owned Automobile Liability | \$ 11,000,000 | - |
| Environmental Impairment | \$ 1,000,000 | \$ 10,000 |
| Earthquake | \$ 50,000,000 | \$ 1,000 |
| Flood | \$ 75,000,000 | \$ 10,000 |
| Excess Liability - MOCSSIF/NJSIG | \$ 10,000,000 | - |
| School Board Legal Liability - MOCSSIF/NJSIG | \$ 1,000,000 | \$ 5,000 |
| Workers Compensation - MOCSSIF/NJSIG | \$ - | - |
| Excess Workers Compensation - Chubb/NJSIG | \$ - | - |
| Student Accident - Peoples Benefit/Bollinger | \$ 1,000,000 | - |
| Employee Dishonesty - MOCSSIF/NJSIG | \$ 100,000 | \$ 1,000 |
| Donato Saponaro, Jr., Board Superintendent - Selective | \$ 500,000 | - |
| Theresa Davis - Treasurer - Selective | \$ 175,000 | - |
| Pia Lordi - Business Administrator/Board Secretary - Selective | \$ 118,000 | - |

Source: District Records

SINGLE AUDIT SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Deal Board of Education
County of Monmouth, New Jersey

We have audited, in accordance with the 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 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 Deal School District, in the County of Monmouth (the "District") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basis financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 designated to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

November 12, 2019
Neptune, New Jersey

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-2

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Deal Board of Education
County of Monmouth, New Jersey

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB 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 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of 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 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 that the testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

November 12, 2019
Neptune, New Jersey

DEAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2019

SCHEDULE A
 Exhibit K-3

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Federal FAIN Number | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance at June 30, 2018 | | | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2019 | | |
|--|---------------------------|---------------------------|-------------------------------------|-------------------------------|--------------|---------|--------------------------|---------------------|-------------------|------------------------------------|--------------------|---------------------------|-------------|--|--------------------------|---------------------|-------------------|
| | | | | | From | To | Accounts Receivable | Unearned Revenue | Due to Grantor | | | | | | Accounts Receivable | Unearned Revenue | Due to Grantor |
| U.S. Department of Education | | | | | | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | | | |
| Title I | 84.010 | S010A180030 | ESEA 1000-19 | 48,793.00 | 7/1/18 | 6/30/19 | | | | | 48,793.00 | (48,793.00) | | | | | |
| Title II, Part A, Improving Teacher Quality | 84.367A | S367A180029 | ESEA 1000-19 | 5,264.00 | 7/1/18 | 6/30/19 | | | | | 5,264.00 | (5,264.00) | | | | | |
| I.D.E.A. Part B, Basic | 84.027A | H027A180100 | IDEA 1000-19 | 39,095.00 | 7/1/18 | 6/30/19 | | | | | 39,095.00 | (39,095.00) | | | | | |
| I.D.E.A. Part B, Preschool | 84.173A | H173A180114 | IDEA 1000-19 | 1,172.00 | 7/1/18 | 6/30/19 | | | | | 1,172.00 | (1,172.00) | | | | | |
| Total Special Revenue Fund | | | | | | | | | | | \$94,324.00 | (\$94,324.00) | | | | | |
| Total Federal Financial Awards | | | | | | | | | | | \$94,324.00 | (\$94,324.00) | | | | | |

(Note: Single Audit is not Required)

DEAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2019

SCHEDULE B
 Exhibit K-4

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period From To | | Balance at June 30, 2018 | | | | Adjustments/ Repayment of Prior Years' Balances | Balance at June 30, 2019 | | | MEMO | | |
|---|-------------------------------|-------------------------|-------------------------|---------|--------------------------|----------------|------------------------------------|-----------------------|--|--------------------------|-----------------------|------------------|----------------|----------------------|-------------------------------|
| | | | | | Unearned Revenue | Due to Grantor | Carryover/ (Walkover) Amount | Cash Received | | Budgetary Expenditures | (Accounts Receivable) | Unearned Revenue | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures |
| | | | | | (Accts Receivable) | | | | | | | | | | |
| State Department of Education | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | |
| State Aid - Public Cluster | | | | | | | | | | | | | | | |
| School Choice Aid | 19-495-034-5120-068 | 2,039,184.00 | 7/1/18 | 6/30/19 | | | | 2,039,184.00 | (2,039,184.00) | | | | * | 203,904.83 | 2,039,184.00 |
| Security Aid | 19-495-034-5120-084 | 18,769.00 | 7/1/18 | 6/30/19 | | | | 18,769.00 | (18,769.00) | | | | * | 1,876.78 | 18,769.00 |
| Special Education Categorical Aid | 19-495-034-5120-089 | 149,600.00 | 7/1/18 | 6/30/19 | | | | 149,600.00 | (149,600.00) | | | | * | 14,959.00 | 149,600.00 |
| Total State Aid - Public Cluster | | | | | | | | 2,207,553.00 | (2,207,553.00) | | | | * | 220,740.61 | 2,207,553.00 |
| Transportation Aid | 19-100-034-5120-014 | 31,046.00 | 7/1/18 | 6/30/19 | | | | 31,046.00 | (31,046.00) | | | | * | 3,104.39 | 31,046.00 |
| Reimbursed Nonpublic School Transportation Costs | 19-100-034-5120-014 | 3,480.00 | 7/1/18 | 6/30/19 | | | | | (3,480.00) | (3,480.00) | | | * | | 3,480.00 |
| Reimbursed Nonpublic School Transportation Costs | 18-100-034-5120-014 | 3,770.00 | 7/1/17 | 6/30/18 | (3,770.00) | | | 3,770.00 | | | | | * | | |
| On Behalf TPAF Pension Contributions | 19-495-034-5094-002 | 263,919.00 | 7/1/18 | 6/30/19 | | | | 263,919.00 | (263,919.00) | | | | * | | 263,919.00 |
| On Behalf TPAF Post Retirement Medical Contr. | 19-495-034-5094-001 | 119,713.00 | 7/1/18 | 6/30/19 | | | | 119,713.00 | (119,713.00) | | | | * | | 119,713.00 |
| On Behalf TPAF LTD Insurance Contributions | 19-495-034-5094-004 | 393.00 | 7/1/18 | 6/30/19 | | | | 393.00 | (393.00) | | | | * | | 393.00 |
| Reimbursed TPAF Social Security Contributions | 19-495-034-5094-003 | 115,862.04 | 7/1/18 | 6/30/19 | | | | 115,862.04 | (115,862.04) | | | | * | | 115,862.04 |
| Total General Fund | | | | | (\$3,770.00) | | | \$2,742,256.04 | (\$2,741,966.04) | | (\$3,480.00) | | * | \$223,845.00 | \$2,741,966.04 |
| Total State Financial Assistance Subject to Single Audit | | | | | (\$3,770.00) | | | \$2,742,256.04 | (\$2,741,966.04) | | (\$3,480.00) | | * | \$223,845.00 | \$2,741,966.04 |
| Less: | | | | | | | | | | | | | | | |
| On Behalf Assistance Not Included in State Single Audit - Major Program Determination | | | | | | | | | | | | | | | |
| On Behalf TPAF Pension Contributions | | | | | | | | | 263,919.00 | | | | | | |
| On Behalf TPAF Post Retirement Medical Contr. | | | | | | | | | 119,713.00 | | | | | | |
| On Behalf TPAF LTD Insurance Contributions | | | | | | | | | 393.00 | | | | | | |
| Total State Financial Assistance Subject to State Single Audit - Major Program Determination | | | | | | | | | (\$2,357,941.04) | | | | | | |

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DEAL SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2019

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE 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 *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(12,346.00) for the general fund and \$.00 for the special revenue fund. See Note A to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|-------------------------------------|--------------------|---------------------|---------------------|
| General Fund | .00 | 2,729,620.04 | 2,729,620.04 |
| Special Revenue Fund | 94,324.00 | .00 | 94,324.00 |
| Food Service Fund | <u>.00</u> | <u>.00</u> | <u>.00</u> |
| Total Awards & Financial Assistance | <u>\$94,324.00</u> | <u>2,729,620.04</u> | <u>2,823,944.04</u> |

DEAL SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2019

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER INFORMATION

The amount reported as TPAF Pension, Post-Retirement Medical and LTD Insurance Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2019. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

NOTE 6. ON-BEHALF PROGRAMS - STATE SINGLE AUDIT MAJOR PROGRAM DETERMINATION

On-behalf State Programs for TPAF Pension, Post-Retirement Medical and LTD Insurance Contributions payments are included in the calculation for expenditures subject to State single audit determination but are excluded from the calculation for State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of state financial assistance reported in the District's basic financial statements and the amount subject to State single audit major program determination.

NOTE 7. DE MINIMUS INDIRECT COST RATE

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

DEAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section I - Summary of Auditor's Report

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

State Awards

Dollar threshold used to distinguish between type A and B programs: \$750,000.00

Auditee qualified as low-risk auditee? X yes _____ no

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

Internal Control over major programs:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of the Uniform Guidance or New Jersey OMB Circular Letter 15.08 as applicable? _____ yes X no

Identification of major programs:

| <u>State/Grant Project Number(s)</u> | <u>Name of State Program</u> |
|---|--|
| _____ | State Aid Public Cluster _____ |
| <u>19-495-034-5120-068</u> | <u>School Choice Aid</u> |
| <u>19-495-034-5120-089</u> | <u>Special Education Categorical Aid</u> |
| <u>19-495-034-5120-084</u> | <u>Security Aid</u> |

Section II - Financial Statement Findings

NONE

Section III - State Financial Assistance Findings and Questioned Costs

NONE

DEAL SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2019

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings since all areas of State financial assistance for the prior year were found to be in compliance.