

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

CHESTERFIELD, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

Chesterfield Township Board of Education
Finance Department

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INTRODUCTORY SECTION

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Chesterfield Township Board of Education

*30 Saddle Way
Chesterfield, New Jersey 08515*



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November 9, 2017

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

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Chesterfield Township School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Chesterfield Township School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, 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 district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this Single Audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Chesterfield Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Kindergarten through 6th grade. These include regular and vocational as well as special education for children with special needs. The School District's enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	764	0.92%
2015-2016	757	3.98%
2014-2015	728	3.56%
2013-2014	703	9.16%
2012-2013	644	9.15%
2011-2012	590	4.80%
2010-2011	563	14.20%
2009-2010	493	10.29%
2008-2009	447	8.23%
2007-2008	413	14.09%

ECONOMIC CONDITION AND OUTLOOK

Chesterfield Township continues to experience substantial residential expansion. A total of 1,091 homes have been built in Chesterfield Township since 2004 with 56 homes being completed in 2017. There are 94 additional dwellings that remain to be constructed. Of the 94 additional dwellings that remain to be constructed. The remaining homes should be constructed in the next 3 to 4 years depending on demand. There are no new developments currently on the books or going before the township. Enrollment at the October 2017 count increased over the prior year by 39 students.

MAJOR INITIATIVES

During the 2016-2017 school year, the Chesterfield Township School District focused on several major initiatives.

In grades K-4, a committee of teachers and administrators worked collaboratively to support teachers in the implementation of a new standards-based report card. The committee prepared for the implementation of the new report card the previous year and worked with the teachers this year to refine the scoring rubrics based on the NJ Student Learning Standards in reading, writing, and math.

In grade 6, the sixth grade team worked to implement new science units based on the Next Generation Science Standards. This was the result of the collaborative work the sixth grade team completed with our regional partners as we developed a curriculum for grades 6-8.

As a school, our major initiative for the year was the implementation of a new math program. After more than a year of analyzing several math programs, the Math Committee recommended the Eureka Math Program which we implemented in all grades during the 2016-2017 school year.

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman, Frenia & Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

ACKNOWLEDGEMENTS

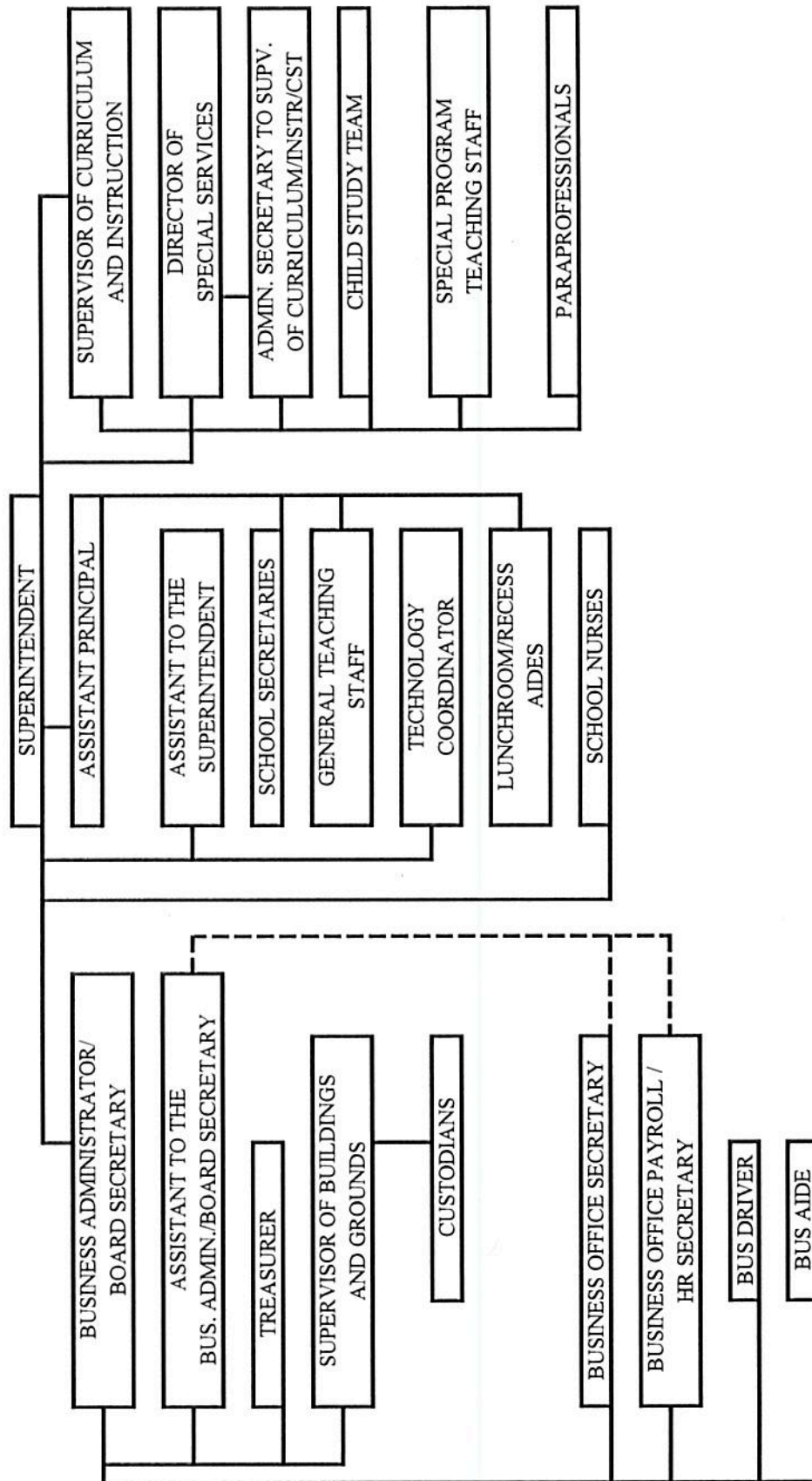
We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation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

Respectfully submitted,


Superintendent


School Business Administrator/Board Secretary

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT ORGANIZATIONAL CHART



UPDATED 1/7/15

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CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
30 Saddle Way
Chesterfield, New Jersey 08515

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Jignesh Shah, President

2019

Peggy Hallion, Vice President

2017

Terran Brown

2019

John Probasro

2017

Laura Bond

2018

OTHER OFFICIALS

Scott Heino, Superintendent

Patrick Pisano, Business Administrator/Board Secretary

Janice L. Jones, Treasurer

Robery Muccilli, Attorney

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CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
30 Saddle Way
Chesterfield, New Jersey 08515

CONSULTANTS AND ADVISORS

INSURANCE BROKER

New Jersey School Boards Association Insurance Group

AUDIT FIRM

Holman Frenia Allison, P.C.
John J. Maley, Jr. CPA, PSA
Bordentown, New Jersey

ATTORNEY

Capehart & Scatchard, P.A.
Robert Muccilli
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OFFICIAL DEPOSITORY

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Chesterfield Township School District
County of Burlington
Chesterfield, 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 Chesterfield Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Chesterfield Township School District, County of Burlington, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "John J. Maley, Jr.", with a stylized, cursive script.

John J. Maley, Jr.
Certified Public Accountant
Public School Accountant, No. 454

Bordentown, New Jersey
November 9, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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

As management of the Chesterfield Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School District's net position for the fiscal years 2017 compared to fiscal year 2016.

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 589,047	\$ 534,670	\$ 54,377	10.2%
Capital Assets, Net	29,931,699	30,270,236	(338,537)	-1.1%
Total Assets	<u>30,520,746</u>	<u>30,804,906</u>	<u>(284,160)</u>	-0.9%
Deferred Outflow of Resources	<u>2,530,009</u>	<u>1,929,438</u>	<u>600,571</u>	31.1%
Current and other Liabilities	681,962	511,549	170,413	33.3%
Noncurrent Liabilities	39,353,961	39,664,905	(310,944)	-0.8%
Total Liabilities	<u>40,035,923</u>	<u>40,176,454</u>	<u>(140,531)</u>	-0.3%
Deferred Inflow of Resources	<u>-</u>	<u>40,739</u>	<u>(40,739)</u>	-100.0%
Net Position:				
Net Investment in Capital Assets	(794,764)	(6,552,549)	5,757,785	-87.9%
Restricted	185,600	(102,642)	288,242	-280.8%
Unrestricted (Deficit)	(6,376,004)	(827,658)	(5,548,346)	670.4%
Total Net Position	<u>\$ (6,985,168)</u>	<u>\$ (7,482,849)</u>	<u>\$ 497,681</u>	-6.7%

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 154,521	\$ 152,369	\$ 2,152	1.4%
Operating Grants & Contributions	1,360,214	1,199,664	160,550	13.4%
General Revenues:				
Property Taxes	10,685,317	9,828,810	856,507	8.7%
Federal & State Aid	798,846	811,027	(12,181)	-1.5%
Other General Revenues	113,219	142,593	(29,374)	-20.6%
Special Items:			-	
Adjustment to Capital Assets	1,107,771		1,107,771	100.0%
Total Revenues	<u>14,219,888</u>	<u>12,134,463</u>	<u>2,085,425</u>	<u>17.2%</u>
Function/Program Expenditures:				
Regular Instruction	3,169,018	2,900,473	268,545	9.3%
Special Education Instruction	753,928	787,995	(34,067)	-4.3%
Other Instruction	155,882	160,083	(4,201)	-2.6%
Tuition	269,716	141,810	127,906	90.2%
Student & Instruction Related Services	1,472,248	1,526,851	(54,603)	-3.6%
General Administrative	278,678	198,485	80,193	40.4%
School Administrative Services	226,140	265,146	(39,006)	-14.7%
Central Services	203,094	210,542	(7,448)	-3.5%
Administrative Info. Technology	85,228	96,128	(10,900)	-11.3%
Plant Operations & Maintenance	780,094	796,170	(16,076)	-2.0%
Pupil Transportation	322,851	310,909	11,942	3.8%
Unallocated Benefits	1,987,462	1,880,794	106,668	5.7%
On Behalf TPAF Pension and Social				
Security Contributions	1,139,311	951,811	187,500	19.7%
Interest & Other Charges	1,234,885	1,675,886	(441,001)	-26.3%
Unallocated Depreciation	1,439,503	633,420	806,083	127.3%
Food Service	204,169	228,862	(24,693)	-10.8%
Total Expenditures	<u>13,722,207</u>	<u>12,765,365</u>	<u>956,842</u>	<u>7.5%</u>
Change In Net Position	497,681	(630,902)	1,128,583	-178.9%
Net Position - Beginning	(7,482,849)	(6,851,947)	(630,902)	9.2%
Net Position - Ending	<u>\$ (6,985,168)</u>	<u>\$ (7,482,849)</u>	<u>\$ 497,681</u>	<u>-6.7%</u>

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Activities

During the fiscal year 2017, the net position of governmental activities increased by \$500,400 or 6.57%.

The assets and deferred outflows of the primary government activities was less than the liabilities and deferred inflows by \$7,111,140, with an unrestricted deficit balance of \$6,431,074. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last 2 state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

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

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$ (6,431,074)
Add back: PERS Pension Liability	3,418,827
Less: Deferred Outflows related to pensions	<u>(1,061,927)</u>
Unrestricted Net Position (Without GASB 68)	<u>\$ (4,074,174)</u>

Business-type Activities

During the fiscal year 2017, the net position of business-type activities decreased by \$2,719 or -2.11%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$125,972.

General Fund Budgeting Highlights

Final budgeted revenues was \$9,556,146, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$57,087.

Final budgeted appropriations was \$9,589,071, which was an increase of \$4,135 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$269,184.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$432,292 at June 30, 2017, an increase of \$293,346 from the prior year.

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$436,448, a decrease of \$15,528 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$284,916 to \$393,043 at June 30, 2017, compared to a decrease of \$263,491 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Local tax levy increased by \$856,507 or 8.71% from the prior fiscal year
- State aid increased by \$164,934 or 9.17% from the prior fiscal year
- Expenditures increased by \$302,745 or 2.40% from the prior fiscal year

Special revenue fund - At June 30, 2017, the special revenue fund had no fund balance, which was the same for the prior year.

Capital projects fund - During the current fiscal year, the fund balance of the School District's capital projects fund decreased by \$300,000 to \$7,303 at June 30, 2017. The primary factor(s) affecting the change in fund balance of the capital projects fund is as follows:

- The School District transferred \$300,000 of unspent bonds proceeds with the middle school construction project to debt service fund for current year debt service payments.

Debt service fund - During the current fiscal year, the fund balance of the School District's debt service fund decreased by \$444 to \$36,102 at June 30, 2017.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund decreased by \$2,719 to \$125,972 at June 30, 2017 compared to a decrease in net position of \$22,653 in the prior year. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- The School District's food service did not have any salaries and wages for cafeteria aids in the 2016-17 year.

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$29,931,699 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net increase in the School District's investment in capital assets for the current fiscal year in the amount of \$5,757,785. This increase is primarily due to the change in accounting treatment of the unspent proceeds of bonds related to the new middle school building. As of June 30, 2017, \$3,412,000 of unspent bond proceeds have been transferred to debt service which is an increase in the School District's calculation of net investment in capital assets. Table 4 shows fiscal 2017 balances compared to 2016.

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Capital Assets (continued)

Table 4
Summary of Capital Assets

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ (Decrease)	Percentage Change
<u>Capital Assest (Net of Depreciation):</u>				
Land	\$ 560,000	\$ 560,000	\$ -	0.0%
Land Improvements	380,825	411,129	(30,304)	-7.4%
Building and Improvements	28,772,406	29,029,343	(256,937)	-0.9%
Equipment	218,468	269,764	(51,296)	-19.0%
	<u>\$ 29,931,699</u>	<u>\$ 30,270,236</u>	<u>\$ (338,537)</u>	-1.1%

Depreciation expense for the year was \$1,450,242. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$35,135,000, which is a decrease of \$1,110,000 from the prior year.

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

Factors on the School District's Future

At the time these financial statements were prepared and audited, the School District was unaware of any existing circumstances that could significantly affect its financial health in the future. There is no outstanding litigation that could affect the School District's financial picture.

Chesterfield Township is in the middle of stages of a substantial multi-year increase in student enrollment. Based on two separate demographic studies, the increase in enrollment is projected to be as many as 100 additional students over the next several years. The increased enrollment will be a direct result of the approval of several major residential subdivisions, which will be constructed by established developers in the township's receiving area.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chesterfield Township School District, 30 Saddle Way, Chesterfield, New Jersey, 08515.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash & Cash Equivalents	\$ 385,285	\$ 57,126	\$ 442,411
Receivables, Net (Note 4)	101,782	1,384	103,166
Inventory		5,226	5,226
Restricted Cash & Cash Equivalents	38,244		38,244
Capital Assets, Net (Note 5)			
Non-depreciable	560,000		560,000
Depreciable	29,300,797	70,902	29,371,699
Total Assets	30,386,108	134,638	30,520,746
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	1,061,927	-	1,061,927
Related to Loss on Debt Refunding	1,468,082		1,468,082
Total Deferred Outflow of Resources	2,530,009	-	2,530,009
LIABILITIES:			
Accounts Payable	67,361		67,361
Due to Other Governments	123,388		123,388
Unearned Revenue	-	8,666	8,666
Accrued Interest	482,547		482,547
Internal Balances			-
Noncurrent Liabilities (Note 7):			
Due within one year	1,194,433		1,194,433
Due in more than one year	38,159,528		38,159,528
Total Liabilities	40,027,257	8,666	40,035,923
NET POSITION:			
Net Investment in Capital Assets	(865,666)	70,902	(794,764)
Restricted for:			
Capital Projects	45,547		45,547
Debt Service	36,102		36,102
Excess Surplus	103,951		103,951
Unrestricted (Deficit)	(6,431,074)	55,070	(6,376,004)
Total Net Position	\$ (7,111,140)	\$ 125,972	\$ (6,985,168)

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 3,169,018	\$	41,213	\$ (3,127,805)		\$ (3,127,805)
Special Education Instruction	753,928			(753,928)		(753,928)
Other Instruction	155,882			(155,882)		(155,882)
Support Services:						
Tuition	269,716		75,000	(194,716)		(194,716)
Student & Instruction Related Services	1,472,248		65,185	(1,407,063)		(1,407,063)
General Administrative	278,678			(278,678)		(278,678)
School Administrative Services	226,140			(226,140)		(226,140)
Central Services	203,094			(203,094)		(203,094)
Administrative Technology	85,228			(85,228)		(85,228)
Plant Operations & Maintenance	780,094			(780,094)		(780,094)
Pupil Transportation	322,851			(322,851)		(322,851)
Unallocated Benefits	1,987,462		1,196	(1,986,266)		(1,986,266)
On Behalf TP&AF Pension and Social Security Contributions	1,139,311		1,139,311	-		-
Interest & Other Charges	1,234,885			(1,234,885)		(1,234,885)
Unallocated Depreciation	1,439,503			(1,439,503)		(1,439,503)
Total Governmental Activities	13,518,038	-	1,321,905	(12,196,133)	-	(12,196,133)
Business-Type Activities:						
Food Service	204,169	\$ 154,521	38,309	-	\$ (11,339)	(11,339)
Total Business-Type Activities	204,169	154,521	38,309	-	(11,339)	(11,339)
Total Primary Government	\$ 13,722,207	\$ 154,521	\$ 1,360,214	(12,196,133)	(11,339)	(12,207,472)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				9,040,635		9,040,635
Property Taxes, Levied for Debt Service				1,644,682		1,644,682
Federal & State Aid Restricted				347,196		347,196
Federal & State Aid Not Restricted				451,650		451,650
Tuition Charges				40,875		40,875
Miscellaneous				72,344		72,344
Special Items:						
Adjustment to Capital Assets				1,099,151	8,620	1,107,771
Total General Revenues				12,696,533	8,620	12,705,153
Change In Net Position				500,400	(2,719)	497,681
Net Position - Beginning				(7,611,540)	128,691	(7,482,849)
Net Position - Ending				\$ (7,111,140)	\$ 125,972	\$ (6,985,168)

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

B. Fund Financial Statements

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**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash & Cash Equivalents	\$ 363,700	\$ -	\$ 8,652	\$ 34,753	\$ 407,105
Receivables, Net:					
Interfund Receivable				1,349	1,349
Due from Other Governments:					
State	55,450				55,450
Federal		43,322			43,322
Other Receivables	3,010				3,010
Restricted Cash & Cash Equivalents	38,244				38,244
Total Assets	\$ 460,404	\$ 43,322	\$ 8,652	\$ 36,102	\$ 548,480
LIABILITIES & FUND BALANCES:					
Liabilities:					
Cash Deficit	\$ -	\$ 21,820	\$ -	\$ -	\$ 21,820
Due to Other Governments		21,502			21,502
Accounts Payable	67,361				67,361
Interfund Payable			1,349	-	1,349
Total Liabilities	67,361	43,322	1,349	-	112,032
Fund Balances:					
Restricted for:					
Capital Reserve	38,244				38,244
Excess Surplus - Current year	103,951				103,951
Capital Projects			7,303		7,303
Debt Service				36,102	36,102
Unassigned	250,848				250,848
Total Fund Balances	393,043	-	7,303	36,102	436,448
Total Liabilities & Fund Balances	\$ 460,404	\$ 43,322	\$ 8,652	\$ 36,102	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$35,529,618 and the accumulated depreciation is \$5,668,821

29,860,797

Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.

 Deferred Outflows related to pensions

1,061,927

 Deferred Outflow related to the loss on bond refunding of debt

1,468,082

Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.

(482,547)

Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.

(101,886)

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

(39,353,961)

Net Position of Governmental Activities

\$ (7,111,140)

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 9,040,635			\$ 1,644,682	\$ 10,685,317
Tuition Charges	40,875				40,875
Miscellaneous	71,643	\$ 3,310	\$ 701		75,654
Total Local Sources	9,153,153	3,310	701	1,644,682	10,801,846
State Sources	1,590,961	26,304		347,196	1,964,461
Federal Sources	-	152,980			152,980
Total Revenues	10,744,114	182,594	701	1,991,878	12,919,287
Expenditures:					
Instruction:					
Regular Instruction	3,113,918	41,213			3,155,131
Special Education Instruction	746,565				746,565
Other Instruction	155,882				155,882
Support Services:					
Tuition	194,716	75,000			269,716
Student & Instruction Related Services	1,394,080	65,185			1,459,265
General Administrative	277,709				277,709
School Administrative Services	229,779				229,779
Central Services	203,094				203,094
Administrative Technology	85,228				85,228
Plant Operations & Maintenance	785,993				785,993
Pupil Transportation	328,234				328,234
Unallocated Benefits	1,748,898	1,196			1,750,094
On Behalf TPAF Pension and Social Security Contributions	1,139,311				1,139,311
Capital Outlay	3,935				3,935
Debt Service:					
Principal	51,807			1,110,000	1,161,807
Interest & Other Charges	49			1,183,023	1,183,072
Total Expenditures	10,459,198	182,594	-	2,293,023	12,934,815
Excess/(Deficiency) of Revenues over Expenditures	284,916	-	701	(301,145)	(15,528)
Other Financing Sources (Uses):					
Transfers in				300,701	300,701
Transfers out			(300,701)		(300,701)
Total Other Financing Sources (Uses)	-	-	(300,701)	300,701	-
Net changes in fund balances	284,916	-	(300,000)	(444)	(15,528)
Fund Balance, July 1	108,127		307,303	36,546	451,976
Fund Balance, June 30	\$ 393,043	\$ -	\$ 7,303	\$ 36,102	\$ 436,448

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

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Changes in Fund Balances - Governmental Funds (B-2) \$ (15,528)

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

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

Depreciation Expense	(1,439,503)	
Adjustment to Capital Assets	1,099,151	
Capital Outlays	<u>3,935</u>	
		(336,417)

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (237,368)

Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 1,161,807

Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:

Amortization of premium on bonds	54,433	
Amortization of loss on Bond Refunding	<u>(108,223)</u>	
		(53,790)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+). 1,977

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (20,281)

Change in Net Position of Governmental Activities: \$ 500,400

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017**

ASSETS	FOOD SERVICE FUND
Current Assets:	
Cash & Cash Equivalents	\$ 57,126
Accounts Receivable:	
State	93
Federal	1,291
Inventories	5,226
Total Current Assets	<u>63,736</u>
Noncurrent Assets:	
Equipment	190,433
Less: Accumulated Depreciation	<u>(119,531)</u>
Total Capital Assets	<u>70,902</u>
Total Assets	<u>134,638</u>
LIABILITIES	
Unearned Revenue	<u>8,666</u>
Total Liabilities	<u>8,666</u>
NET POSITION	
Investment in Capital Assets	70,902
Unrestricted	<u>55,070</u>
Total Net Position	<u><u>\$ 125,972</u></u>

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

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>FOOD SERVICE FUND</u>
Operating Revenues:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 92,782
Daily Sales - Nonreimbursable Programs	55,802
Miscellaneous	5,937
	<hr/>
Total Operating Revenue	154,521
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable	57,802
Cost of Sales - Non Reimbursable	25,087
Supplies and Materials	5,530
Salaries & Benefits	74,681
Management Fee	13,000
Repairs & Maintenance	11,800
Miscellaneous Expenses	5,530
Depreciation	10,739
	<hr/>
Total Operating Expenses	204,169
	<hr/>
Operating Income/(Loss)	(49,648)
	<hr/>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,530
Federal Sources:	
National School Lunch Program	19,305
Healthy Hunger-Free Kids Act	2,230
Food Distribution Program	15,244
Adjustment to Capital Assets	8,620
	<hr/>
Total Nonoperating Revenues/(Expenses)	46,929
	<hr/>
Change in Net Position	(2,719)
Total Net Position - Beginning	128,691
	<hr/>
Total Net Position - Ending	\$ 125,972
	<hr/>

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

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>FOOD SERVICE FUND</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 158,348
Payments to Employees	(74,681)
Payments to Suppliers	<u>(103,679)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(20,012)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	1,526
Federal Sources	<u>21,555</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>23,081</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	3,069
Balances - Beginning of Year	<u>54,057</u>
Balances - End of Year	<u><u>\$ 57,126</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Operating Income/(Loss)	\$ (49,648)
Adjustments to Reconcile Operating Income/(Loss) to	
Net Cash Provided/(Used For) Operating Activities:	
Depreciation & Net Amortization	10,739
Food Distribution Program	15,244
Increase/(Decrease) in Accounts Payable	(3,953)
Increase/(Decrease) in Unearned Revenue	3,827
(Increase)/Decrease in Inventories	<u>3,779</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (20,012)</u></u>

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

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

	PRIVATE PURPOSE TRUST		AGENCY FUNDS		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST		STUDENT ACTIVITY	PAYROLL	
ASSETS					
Cash & Cash Equivalents	\$ 21,558	\$	32,150	\$ 248,312	\$ 302,020
Total Assets	21,558		32,150	248,312	302,020
LIABILITIES					
Payroll Deductions & Withholdings	-		-	248,312	248,312
Account Payable	105				105
Due to Student Groups	-		32,150	-	32,150
Total Liabilities	105		32,150	248,312	280,567
NET POSITION					
Held in Trust for:					
Unemployment Claims	21,453		-	-	21,453
Total Net Position	\$ 21,453	\$	-	\$ -	\$ 21,453

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

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

	PRIVATE PURPOSE TRUST UNEMPLOYMENT COMPENSATION TRUST
ADDITIONS	
Local Sources:	
Payroll Deductions	\$ 14,440
Total Additions	14,440
DEDUCTIONS	
Unemployment Claims	14,541
Total Deductions	14,541
Change in Net Position	(101)
Net Position - Beginning of the Year	21,554
Net Position - End of the Year	\$ 21,453

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Chesterfield Township School District (hereafter referred to as the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Chesterfield Township School District is a Type II School District located in the County of Burlington, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three-year terms. These terms are staggered so that at least one members' terms expire each year. The purpose of the School District is to educate students in grades kindergarten through sixth grade at its one elementary school. The School District has an approximate enrollment at June 30, 2017 of 767 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization's board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

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

Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

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

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

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

B. Governmental Fund Financial Statements (continued)

fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

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

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

B. Governmental Fund Financial Statements (continued)

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

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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

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

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

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

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

The School District reports the following major proprietary funds:

Food Service Fund – The food service fund accounts for the financial transactions related to the food service operations of the School District.

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

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

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

Agency Funds - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Budgets/Budgetary Control (continued)

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

Encumbrances

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

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

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

Cash, Cash Equivalents and Investments

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments (continued)

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

Inventories

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

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

<u>Description</u>	Governmental Activities	Business-Type Activities
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

Compensated Absences

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

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Accounting Estimates

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

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

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

Deferred Loss on Refunding Debt

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

Bond Premiums, Discounts and Issuance Costs

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

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Pensions

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

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

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

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School District's financial statements

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

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

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

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

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District's bank balance of \$928,849 was exposed to custodial credit risk as follows:

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 2. Deposits and Investments

Deposits (continued)

Insured under FDIC and GUDPA	\$ 852,798
Uninsured and Uncollateralized	<u>76,051</u>
	<u>\$ 928,849</u>

Investments

The School District had no investments at June 30, 2017.

Note 3. Reserve Accounts

Capital Reserve

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2016	\$ 38,033
Increased by:	
Interest Earnings	<u>211</u>
Ending Balance, June 30, 2017	<u>\$ 38,244</u>

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 4. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

Description	Governmental Funds			Proprietary Funds	
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Total Business-Type Activities
Federal Awards	\$ -	\$ 43,322	\$ 43,322	\$ 1,291	\$ 1,291
State Awards	55,450	-	55,450	93	93
Other	3,010	-	3,010	-	-
Total	\$ 58,460	\$ 43,322	\$ 101,782	\$ 1,384	\$ 1,384

Note 5. Capital Assets

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

	Balance July 1, 2016	Additions	Retirements and Transfers	Balance June 30, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 560,000	\$ -	\$ -	\$ 560,000
Total Capital Assets not being depreciated	560,000	-	-	560,000
Capital Assets being depreciated:				
Land Improvements	606,090			606,090
Buildings and Improvements	32,739,780		1,110,111	33,849,891
Equipment	557,150	3,935	(47,448)	513,637
Total Capital Assets being depreciated	33,903,020	3,935	1,062,663	34,969,618
Less: Accumulated Depreciation:				
Land Improvements	(194,961)	(30,304)		(225,265)
Buildings and Improvements	(3,710,438)	(1,367,047)		(5,077,485)
Equipment	(360,407)	(42,152)	36,488	(366,071)
Total Accumulated Depreciation	(4,265,806)	(1,439,503)	36,488	(5,668,821)
Total Capital Assets being depreciated, net	29,637,214	(1,435,568)	1,099,151	29,300,797
Total Governmental Activities Capital Assets, net	\$ 30,197,214	\$ (1,435,568)	\$ 1,099,151	\$ 29,860,797

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 5. Capital Assets (continued)

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
Business-Type Activities:				
Equipment	\$ 135,775	\$ -	\$ 54,658	\$ 190,433
	<u>135,775</u>	<u>-</u>	<u>54,658</u>	<u>190,433</u>
Less: Accumulated Depreciation:				
Buildings and Improvements		-	-	-
Equipment	(62,754)	(10,739)	(46,038)	(119,531)
	<u>(62,754)</u>	<u>(10,739)</u>	<u>(46,038)</u>	<u>(119,531)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 73,021</u>	<u>\$ (10,739)</u>	<u>\$ 8,620</u>	<u>\$ 70,902</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Capital Projects Fund		\$ 1,349
Debt Service Fund	\$ 1,349	
	<u>\$ 1,349</u>	<u>\$ 1,349</u>

The interfund receivables and payables above predominately resulted from interest earned in the capital project fund. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Projects Fund		\$ 300,701
Debt Service Fund	\$ 300,701	
	<u>\$ 300,701</u>	<u>\$ 300,701</u>

The purpose of the interfund transfer was for remaining unspent proceeds on completed capital projects to be used for current and future debt service payments related to the completed capital projects.

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 7. Long-Term Obligations

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

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 36,245,000		\$ 1,110,000	\$ 35,135,000	\$ 1,140,000
Capital Leases	51,807		51,807	-	-
Unamortized Bond Premiums	525,978		54,433	471,545	54,433
Compensated Absences	308,308	\$ 35,588	15,308	328,588	
Net Pension Liability	2,533,812	1,340,699	455,684	3,418,827	
	<u>\$ 39,664,905</u>	<u>\$ 1,376,287</u>	<u>\$ 1,687,232</u>	<u>\$ 39,353,960</u>	<u>\$ 1,194,433</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, unamortized bond premiums and net pension liability are liquidated by the general fund.

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On September 16, 2015, the District issued \$9,920,000 Refunding School Bonds with interest rates ranging from 2.0% to 4.0% to refund the remaining balance of the 2010 School Bonds with 4.5% interest rates by placing a portion of the 2015 Bonds in an irrevocable trust with an escrow agent to provide for debt service payments on the remaining balance of the 2008 Bonds. The refunding met the requirement of an in-substance debt defeasance and the remaining liability of \$9,475,000 of the 2008 Bonds is removed from the financial statements. As a result of the refunding, the District reduced its total debt service requirements by \$417,403, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$374,655.

On February 15, 2016 the District issued \$24,510,000 Refunding School Bonds with interest rates ranging from 2.0% to 5.0% to refund the remaining unrefunded balance of the 2010 School Bonds with 4.5% interest rates by placing a portion of the 2016 Bonds in an irrevocable trust with an escrow agent to provide for debt service payments on the remaining balance of the 2008 Bonds. The refunding met the requirement of an in-substance debt defeasance and the remaining liability of \$22,660,000 of the 2008 Bonds is removed from the financial statements. As a result of the refunding, the District reduced its total debt service requirements by \$2,466,046, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,766,152.

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 7. Long-Term Obligations (continued)

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,140,000	\$ 1,158,113	\$ 2,298,113
2019	1,190,000	1,110,968	2,300,968
2020	1,220,000	1,076,288	2,296,288
2021	1,265,000	1,040,738	2,305,738
2022	1,300,000	1,003,888	2,303,888
2023-2027	7,210,000	4,389,731	11,599,731
2028-2032	8,960,000	2,869,350	11,829,350
2033-2037	10,530,000	1,391,588	11,921,588
2038	2,320,000	75,400	2,395,400
	<u>\$ 35,135,000</u>	<u>\$ 14,116,061</u>	<u>\$ 49,251,061</u>

Capital Lease Payable

On August 15, 2015, the School District entered into a lease purchase agreement in the amount of \$65,407 for school bus. The lease obligation was issued at an interest rate of 2.38% and matures on August 15th, 2020. During the fiscal year ended June 30, 2017, the School District paid off the entire outstanding principal balance of the capital lease in the amount of \$51,807. Therefore, there are no future minimum lease payments for this leases.

Bonds Authorized but not Issued

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

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

The following represents the membership tiers for PERS:

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS **YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$3,418,827 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .01154%, which was an increase of .000256% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$339,913 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School 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	\$ 63,580	\$ -
Changes of Assumptions	708,198	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	130,363	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	57,900	-
School District contributions subsequent to measurement date	101,886	
	<u>\$ 1,061,927</u>	<u>\$ -</u>

\$101,886 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

Year Ending <u>June 30,</u>		
2018	\$	215,322
2019		215,320
2020		246,476
2021		208,430
2022		74,492
		<hr/>
	\$	960,040
		<hr/>

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

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

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

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS **YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 4,189,373	\$ 3,418,827	\$ 2,782,674

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
 School District's portion	 0.01154%	 0.01129%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$29,075,712. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .03696%, which was a decrease of .000783% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$2,184,635 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

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

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 34,722,898	\$ 29,075,712	\$ 24,464,056
	<u>\$ 34,722,898</u>	<u>\$ 29,075,712</u>	<u>\$ 24,464,056</u>

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

C. Defined Contribution Plan (DCRP)

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

Individuals eligible for membership in the DCRP include:

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

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

For the year ended June 30, 2017, employee contributions totaled \$11,738, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$6,117.

Note 9. State Post-Retirement Medical Benefits

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

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

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$450,341, \$375,237 and \$1,607, respectively.

Note 11. Risk Management

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 14,440	\$ 14,541	\$ 21,453
2015-2016	13,879	6,894	21,554
2014-2015	9,444	31,609	14,569

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

Joint Insurance Pool – The School District also participates in the School Alliance Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers' Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

Economic Dependency - The School District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District's programs and activities.

Note 13. Deferred Compensation

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

Lincoln Investment Planning
Copeland Companies
AXA Equitable
Dean Witter

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$328,589 and \$0, respectively.

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 15. Tax Abatements

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

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

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$103,951.

Note 17. Fund Balances

General Fund – Of the \$393,043 General Fund fund balance at June 30, 2017, \$38,244 has been restricted for the Capital Reserve Account; \$103,951 has been restricted for current year excess surplus; and \$250,848 is unassigned.

Capital Projects Fund – Of the \$7,303 Capital Projects Fund fund balance at June 30, 2017, \$7,303 is restricted for future capital projects approved by the School District.

Debt Service Fund – Of the \$36,102 Debt Service Fund fund balance at June 30, 2017, \$36,102 is restricted for future debt service payments.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$6,431,074 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 18. Deficit in Net Position (continued)

Net Investment in Capital Assets – The School District governmental activities had a deficit in net investment in capital assets in the amount of \$865,666 at June 30, 2017. As the School District pays down more of the debt service related to the construction of the new middle school the net investment in capital assets will not become a deficit in future years.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBERS</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 9,040,635	\$ -	\$ 9,040,635	\$ 9,040,635	\$ -
Tuition from Other Sources	10-1340	45,000	-	45,000	40,875	(4,125)
Miscellaneous	10-1990	50,528	-	50,528	71,643	21,115
Total Local Sources		9,136,163	-	9,136,163	9,153,153	16,990
State Sources:						
Categorical Transportation Aid	10-3121	71,680	-	71,680	71,680	-
Categorical Special Education Aid	10-3132	136,277	-	136,277	136,277	-
Categorical Security Aid	10-3177	43,728	-	43,728	43,728	-
Supplemental Growth Aid	10-3141	85,512	-	85,512	85,512	-
Under Adequacy Aid	10-3192	60,016	-	60,016	60,016	-
PARCC Readiness Aid	10-3190	7,380	-	7,380	7,380	-
Per Pupil Growth Aid	10-3190	7,380	-	7,380	7,380	-
Extraordinary Aid	10-3131	-	-	-	35,921	35,921
Professional Learning Community Aid	10-3183	8,010	-	8,010	8,010	-
Nonpublic School Transportation Reimbursement	10-3190	-	-	-	4,176	4,176
Nonbudgeted:						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	375,237	375,237
On-Behalf TPAF Pension Contributions		-	-	-	450,341	450,341
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,607	1,607
Reimbursed TPAF Social Security Contributions		-	-	-	312,126	312,126
Total State Sources		419,983	-	419,983	1,599,391	1,179,408
Total Revenues		9,556,146	-	9,556,146	10,752,544	1,196,398
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	105-100-101	30,584	50	30,634	28,130	2,504
Kindergarten	110-100-101	415,463	(7,427)	408,036	407,972	64
Grades 1 - 5	120-100-101	2,082,829	(72,837)	2,009,992	2,009,992	-
Grades 6 - 8	130-100-101	338,395	69,143	407,538	407,445	93
Home Instruction - Regular Programs:						
Salaries of Teachers	150-100-101	5,000	(5,000)	-	-	-
Purchased Professional/Educational Services	150-100-320	2,000	(2,000)	-	-	-
Regular Programs - Undistributed Instruction:						
Purchased Professional/Educational Services	190-100-320	11,000	(11,000)	-	-	-
Other Purchased Services	190-100-500	17,500	3,739	21,239	21,239	-
General Supplies	190-100-610	279,310	(36,646)	242,664	239,140	3,524
Total Regular Programs - Instruction		3,182,081	(61,978)	3,120,103	3,113,918	6,185
Resource Room/ Resource Center:						
Salaries of Teachers	213-100-101	617,830	24,673	642,503	642,101	402
General Supplies	213-100-610	2,300	456	2,756	2,756	-
Total Resource Room		620,130	25,129	645,259	644,857	402

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Preschool Disabilities - Part-Time:						
Salaries of Teachers	215-100-101	30,106	39,406	69,512	67,962	1,550
Other Salaries for Instruction	215-100-106	25,762	(2,441)	23,321	23,321	-
General Supplies	215-100-600	1,100	9,507	10,607	10,425	182
Total Preschool Disabilities - Part-Time		56,968	46,472	103,440	101,708	1,732
Total Special Education		677,098	71,601	748,699	746,565	2,134
Basic Skills/Remedial:						
Salaries of Teachers	230-100-101	186,005	(38,318)	147,687	145,923	1,764
General Supplies	230-100-610	900	(481)	419	419	-
Total Basic Skills/Remedial		186,905	(38,799)	148,106	146,342	1,764
School Sponsored Cocurricular Activities:						
Salaries of Teachers	401-100-101	4,700	(129)	4,571	3,809	762
Purchased Services	401-100-500	100	-	100	100	-
Supplies & Materials	401-100-600	2,000	(1,829)	171	171	-
Total School Sponsored Cocurricular Activities		6,800	(1,958)	4,842	4,080	762
Summer School:						
Salaries of Teachers	422-100-101	6,000	(464)	5,536	5,460	76
Total Summer School		6,000	(464)	5,536	5,460	76
Total Other Instructional Programs		199,705	(41,221)	158,484	155,882	2,602
Total - Instruction		4,058,884	(31,598)	4,027,286	4,016,365	10,921
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEAs within State Special	000-100-562	-	9,084	9,084	9,084	-
Tuition to CSSD & Regional Day Schools	000-100-565	37,720	9,906	47,626	47,626	-
Tuition to Private School for the Handicap	000-100-566	45,763	80,143	125,906	125,906	-
Tuition - Other	000-100-569	-	12,100	12,100	12,100	-
Total Instruction		83,483	111,233	194,716	194,716	-
Attendance & Social Work Services:						
Salaries	000-211-100	14,600	-	14,600	14,590	10
Supplies & Materials	000-211-600	500	(500)	-	-	-
Total Attendance & Social Work Services		15,100	(500)	14,600	14,590	10
Health Services:						
Salaries	000-213-100	140,360	(1,207)	139,153	137,328	1,825
Purchased Professional & Technical Services	000-213-300	2,000	200	2,200	2,200	-
Other Purchased Services	000-213-500	750	(603)	147	147	-
Supplies and Materials	000-213-600	2,500	(189)	2,311	2,311	-
Total Health Services		145,610	(1,799)	143,811	141,986	1,825
Related Services:						
Salaries	000-216-100	93,214	(541)	92,673	91,862	811
Purchased Professional/Educational Services	000-216-320	60,750	(2,223)	58,527	53,392	5,135
Supplies & Materials	000-216-600	1,200	(161)	1,039	1,039	-
Total Related Services		155,164	(2,925)	152,239	146,293	5,946

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Extra Services:						
Salaries	000-217-100	100,103	(8,039)	92,064	90,406	1,658
Purchased Professional/Educational Services	000-217-320	369,200	38,690	407,890	403,930	3,960
Total Extra Services		469,303	30,651	499,954	494,336	5,618
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	000-218-104	56,431	-	56,431	56,431	-
Salaries of Secretarial & Clerical Assistants	000-218-105	9,002	-	9,002	9,002	-
Purchased Professional/Educational Services	000-218-390	5,000	(1,739)	3,261	3,261	-
Other Purchased Services	000-218-500	9,570	(9,570)	-	-	-
Supplies & Materials	000-218-600	-	6,411	6,411	6,411	-
Total Other Support Services - Students - Regular		80,003	(4,898)	75,105	75,105	-
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	000-219-104	265,388	(8,539)	256,849	256,849	-
Salaries of Secretarial & Clerical Assistants	000-219-105	34,108	(1)	34,107	34,107	-
Purchased Professional/Educational Services	000-219-320	5,000	(2,526)	2,474	2,474	-
Miscellaneous Purchased Services	000-219-592	1,000	(594)	406	406	-
Supplies and Materials	000-219-600	5,500	(3,565)	1,935	1,882	53
Other Objects	000-219-800	1,000	(105)	895	895	-
Total Other Support Services - Students - Special Services		311,996	(15,330)	296,666	296,613	53
Improvement of Instruction:						
Salary of Supervisors of Instruction	000-221-102	125,080	(29,451)	95,629	78,800	16,829
Salary of Other Professional Staff	000-221-104	-	12,948	12,948	12,948	-
Salaries of Secretarial & Clerical Assistants	000-221-105	32,545	(31)	32,514	32,413	101
Supplies and Materials	000-221-600	250	-	250	167	83
Other Objects	000-221-800	1,136	(227)	909	909	-
Total Improvement of Instruction		159,011	(16,761)	142,250	125,237	17,013
Educational Media Services/School Library:						
Salaries	000-222-100	79,020	33	79,053	79,053	-
Purchased Professional/Educational Services	000-222-300	1,530	(2)	1,528	1,528	-
Supplies and Materials	000-222-600	4,500	(73)	4,427	4,425	2
Total Instructional Staff Training Services		85,050	(42)	85,008	85,006	2
Instructional Staff Training:						
Salaries of Other Professional Staff	000-223-104	250	117	367	-	367
Purchased Professional/Educational Services	000-223-320	-	14,207	14,207	12,238	1,969
Other Purchased Services	000-223-500	5,250	(2,350)	2,900	2,676	224
Total Instructional Staff Training		5,500	11,974	17,474	14,914	2,560
Support Services General Administration:						
Salaries	000-230-100	98,580	31,626	130,206	130,206	-
Legal Services	000-230-331	14,000	59,221	73,221	73,221	-
Audit Services	000-230-332	17,200	(100)	17,100	17,100	-
Other Purchased Professional Services	000-230-339	7,700	2,945	10,645	10,645	-
Communications/Telephone	000-230-530	20,500	(3,990)	16,510	16,510	-
BOE Other Purchased Services	000-230-585	2,850	(1,606)	1,244	1,244	-
Other Purchased Services	000-230-590	23,000	(514)	22,486	22,486	-
General Supplies	000-230-610	1,800	(512)	1,288	1,288	-
BOE In-House Training/Meeting Supplies	000-230-630	100	(87)	13	13	-
Miscellaneous Expenditures	000-230-890	2,100	(178)	1,922	1,922	-
BOE Membership Dues & Fees	000-230-895	3,100	(26)	3,074	3,074	-

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Total Support Services General Administration		190,930	86,779	277,709	277,709	-
Support Services School Administration:						
Salaries of Principals & Assistant Principals	000-240-103	202,180	(50,733)	151,447	150,785	662
Salaries of Secretarial & Clerical Assistants	000-240-105	73,255	-	73,255	72,114	1,141
Purchased Professional & Technical Services	000-240-300	1,825	(250)	1,575	1,575	-
Other Purchased Services	000-240-500	4,250	(1,767)	2,483	1,887	596
Supplies & Materials	000-240-600	1,200	(104)	1,096	1,096	-
Other Objects	000-240-800	900	1,563	2,463	2,322	141
Total Support Services School Administration		283,610	(51,291)	232,319	229,779	2,540
Support Services Central Services:						
Salaries	000-251-100	194,165	(17,437)	176,728	176,339	389
Purchased Professional Services	000-251-330	14,100	-	14,100	14,032	68
Other Purchased Professional Services	000-251-592	4,250	1,598	5,848	4,914	934
Supplies and Materials	000-251-600	2,500	(268)	2,232	1,920	312
Interest on Lease Purchase Agreements	000-251-832	1,233	-	1,233	1,233	-
Other Objects	000-251-890	5,750	(145)	5,605	4,656	949
Total Support Services Central Services		221,998	(16,252)	205,746	203,094	2,652
Administrative Information Technology:						
Salaries	000-252-100	14,203	-	14,203	14,203	-
Purchased Technical Services	000-252-340	77,666	-	77,666	60,925	16,741
Other Purchased Services	000-252-500	38,500	-	38,500	10,100	28,400
Total Administrative Information Technology		130,369	-	130,369	85,228	45,141
Operation & Maintenance of Plant:						
Required Maintenance for School Facilities:						
Salaries	000-261-100	56,725	(4,270)	52,455	51,507	948
Cleaning, Repair & Maintenance Services	000-261-420	56,145	200	56,345	35,767	20,578
General Supplies	000-261-610	1,500	-	1,500	-	1,500
Total Required Maintenance for School Facilities		114,370	(4,070)	110,300	87,274	23,026
Custodial Services:						
Salaries	000-262-100	325,740	11,218	336,958	336,856	102
Salaries of Non-Instructional Aides	000-262-107	98,835	(7,382)	91,453	90,883	570
Cleaning, Repair & Maintenance Services	000-262-420	32,050	461	32,511	30,558	1,953
Other Purchased Property Services	000-262-490	25,000	1,531	26,531	25,958	573
Insurance	000-262-520	52,275	(821)	51,454	46,528	4,926
Miscellaneous Purchased Services	000-262-590	600	655	1,255	1,255	-
General Supplies	000-262-610	36,000	(1,383)	34,617	27,332	7,285
Energy (Natural Gas)	000-262-621	12,000	-	12,000	6,783	5,217
Energy (Electricity)	000-262-622	180,000	(19,100)	160,900	128,453	32,447
Other Objects	000-262-800	750	-	750	-	750
Total Custodial Services		763,250	(14,821)	748,429	694,606	53,823
Care and Upkeep of Grounds:						
Salaries	000-263-100	3,400	(97)	3,303	3,303	-
General Supplies	000-263-610	3,300	-	3,300	-	3,300
Total Care and Upkeep of Grounds		6,700	(97)	6,603	3,303	3,300

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBERS</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
Security:						
Cleaning, Repair & Maintenance Services	000-266-420	3,400	-	3,400	810	2,590
General Supplies	000-266-610	200	-	200	-	200
Total Security		3,600	-	3,600	810	2,790
Total Operation & Maintenance of Plant		887,920	(18,988)	868,932	785,993	82,939
Student Transportation Services:						
Salaries of Non-Instructional Aides	000-270-107	12,607	2,074	14,681	14,530	151
Salaries - Pupil Transportation (Bet Home & Sch) - Reg	000-270-160	20,232	-	20,232	20,232	-
Salaries - Pupil Transportation (Bet Home & Sch) - Sp Ed	000-270-161	35,995	5,119	41,114	41,114	-
Salaries - Pupil Transportation (Bet Home & Sch) - Nonpub	000-270-163	2,382	(1)	2,381	2,381	-
Management Fee - ESC Transportation Program	000-270-350	1,500	400	1,900	1,883	17
Cleaning, Repair & Maintenance Services	000-270-420	1,000	254	1,254	1,254	-
Lease Purchase Payments - School Buses	000-270-443	12,500	-	12,500	12,500	-
Contracted Services - Aid In Lieu of Payments - Nonpublic	000-270-503	20,000	(56)	19,944	19,448	496
Contracted Services - (Between Home & School) - Joint Agreement	000-270-513	156,500	(14,366)	142,134	140,303	1,831
Contracted Services - Special Ed - vendors	000-270-514	850	-	850	-	850
Contracted Services - Special Ed - joint agreements	000-270-515	67,000	13,616	80,616	80,377	239
Miscellaneous Purchased Services - Transportation	000-270-593	7,179	(50)	7,129	5,543	1,586
Transportation Supplies	000-270-615	3,200	(44)	3,156	11	3,145
Miscellaneous Expenditures	000-270-800	125	45	170	170	-
Total Student Transportation Services		341,070	6,991	348,061	339,746	8,315
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	000-291-220	110,000	5,479	115,479	115,479	-
PERS - Other Retirement	000-291-241	114,116	2,102	116,218	116,218	-
Workmen's Compensation	000-291-260	80,000	(284)	79,716	79,247	469
Health Benefits	000-291-270	1,635,745	(129,902)	1,505,843	1,426,819	79,024
Tuition Reimbursements	000-291-280	15,000	(4,734)	10,266	6,135	4,131
Other Employee Benefits	000-291-290	5,000	-	5,000	5,000	-
Total Unallocated Benefits - Employee Benefits		1,959,861	(127,339)	1,832,522	1,748,898	83,624
Nonbudgeted:						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	375,237	(375,237)
On-Behalf TPAF Pension Contributions		-	-	-	450,341	(450,341)
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,607	(1,607)
Reimbursed TPAF Social Security Contributions		-	-	-	312,126	(312,126)
Total Undistributed Expenditures		5,525,978	(8,497)	5,517,481	6,398,554	(881,073)
Total Expenditures - Current Expense		9,584,862	(40,095)	9,544,767	10,414,919	(870,152)
Capital Outlay:						
Non Instructional Services:						
School Buses - Regular	000-270-733	-	40,295	40,295	40,295	-
Non-Instructional Services	000-300-730	-	3,935	3,935	3,935	-
Assessment for Debt Service on SDA Funding	000-400-896	49	-	49	49	-
Total Facilities Acquisition & Construction Services		49	44,230	44,279	44,279	-
Interest Deposit on Capital Reserve	10-604	25	-	25		25
Total Capital Outlay		74	44,230	44,304	44,279	25
Total Expenditures		9,584,936	4,135	9,589,071	10,459,198	(870,127)

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>ACCOUNT NUMBERS</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(28,790)	(4,135)	(32,925)	293,346	326,271
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses)	(28,790)	(4,135)	(32,925)	293,346	326,271
Fund Balances, July 1	138,946		138,946	138,946	-
Fund Balances, June 30	<u>\$ 110,156</u>	<u>\$ (4,135)</u>	<u>\$ 106,021</u>	<u>\$ 432,292</u>	<u>\$ 326,271</u>
<u>RECAPITULATION OF BUDGET TRANSFERS</u>					
Prior Year Reserve for Encumbrances		<u>\$ 4,135</u>			
Total Budget Transfers		<u><u>\$ 4,135</u></u>			
<u>RECAPITULATION OF FUND BALANCE</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 38,244	
Excess Surplus				103,951	
Unassigned Fund Balance				<u>290,097</u>	
Subtotal				432,292	
Reconciliation to Governmental Fund Statements (GAAP):					
Last Two State Aid Payment Not Recognized on GAAP Basis				<u>(39,249)</u>	
Fund Balance per Governmental Funds (GAAP)				<u><u>\$ 393,043</u></u>	

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
REVENUES					
Local Sources		\$ 3,310	\$ 3,310	\$ 3,310	\$ -
State Sources		44,984	44,984	26,304	(18,680)
Federal Sources	\$ 133,005	20,452	153,457	152,980	(477)
Total Revenues	133,005	68,746	201,751	182,594	(19,157)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	20,803	(3,077)	17,726	17,726	-
Purchased Professional Educational Services	-	34,417	34,417	19,766	14,651
Tuition	75,000	-	75,000	75,000	-
General Supplies		153	153	153	-
Textbooks		6,911	6,911	3,568	3,343
Total Instruction	95,803	38,404	134,207	116,213	17,994
Support Services:					
Personal Services - Employee Benefits	1,040	156	1,196	1,196	-
Purchased Professional Technical Services	36,162	20,413	56,575	56,098	477
Purchased Professional Educational Services		2,970	2,970	2,970	-
Other Purchased Services		2,000	2,000	2,000	-
General Supplies		4,803	4,803	4,117	686
Total Support Services	37,202	30,342	67,544	66,381	1,163
Total Expenditures	133,005	68,746	201,751	182,594	19,157
Total Outflows	133,005	68,746	201,751	182,594	19,157
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 10,752,544	\$ 182,594
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	30,819	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(39,249)	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 10,744,114</u>	<u>\$ 182,594</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 10,459,198</u>	<u>\$ 182,594</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds (B-2)	<u>\$ 10,459,198</u>	<u>\$ 182,594</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS*

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.01154%	0.01129%	0.01117%	0.01116%
School District's proportionate share of the net pension liability \$	3,418,827	\$ 2,533,812	\$ 2,091,219	\$ 2,132,053
School District's covered payroll \$	791,236	\$ 786,776	\$ 751,153	\$ 742,136
School District's proportionate share of the net pension liability as a percentage of its covered payroll	432.09%	322.05%	278.40%	287.29%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

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

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

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's contractually required contribution	\$ 101,886	\$ 102,550	\$ 97,042	\$ 92,079
Contributions in relation to the contractually required contribution	<u>(101,886)</u>	<u>(102,550)</u>	<u>(97,042)</u>	<u>(92,079)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 801,111	\$ 791,236	\$ 786,776	\$ 751,153
Contributions as a percentage of covered payroll	12.72%	12.96%	12.33%	12.26%

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST FOUR FISCAL YEARS*

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	29,075,712	23,855,951	18,132,242	16,701,482
	<u>\$ 29,075,712</u>	<u>\$ 23,855,951</u>	<u>\$ 18,132,242</u>	<u>\$ 16,701,482</u>
School District's covered payroll	\$ 4,010,608	\$ 3,868,985	\$ 3,372,550	\$ 3,170,197
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

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

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

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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OTHER SUPPLEMENTARY INFORMATION

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E. Special Revenue Fund

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**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	NO CHILD LEFT BEHIND		I.D.E.A. PART B		INSURANCE SAFETY GRANT
	TITLE I	TITLE II PART A	REGULAR	PRESCHOOL	
Revenues:					
Federal Sources	\$ 13,126	\$ 6,807	\$ 127,098	\$ 5,949	
State Sources					
Local Sources					\$ 3,310
Total Revenues	\$ 13,126	\$ 6,807	\$ 127,098	\$ 5,949	\$ 3,310
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 13,126			\$ 4,600	
Tuition			\$ 75,000		
General Supplies				153	
Total Instruction	13,126	-	75,000	4,753	-
Support Services:					
Personal Services -					
Employee Benefits				1,196	
Purchased Professional -					
Technical Services		\$ 4,000	52,098		
Other Purchased Services					
(400-500 Series)		2,000			
General Supplies		807			\$ 3,310
Total Support Services	-	6,807	52,098	1,196	3,310
Total Expenditures	\$ 13,126	\$ 6,807	\$ 127,098	\$ 5,949	\$ 3,310

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	NJ NON-PUBLIC AUXILIARY SERVICES CH. 192		NJ NON-PUBLIC HANDICAP SERVICES CH. 193				NON-PUBLIC TEXTBOOK AID		NON-PUBLIC NURSING AID		TOTAL
	COMPENSATORY EDUCATION	ENGLISH AS A SECOND LANGUAGE	SUPPLEMENTAL INSTRUCTION	EXAMINATION & CLASSIFICATION	CORRECTIVE SPEECH						
Revenues:											
Federal Sources	\$ 17,558	\$ 639	\$ 1,569	\$ 722	\$ 1,767	\$	1,079	\$	2,970	\$	152,980
State Sources											26,304
Local Sources											3,310
Total Revenues	\$ 17,558	\$ 639	\$ 1,569	\$ 722	\$ 1,767	\$	1,079	\$	2,970	\$	182,594
Expenditures:											
Instruction:											
Salaries of Teachers											17,726
Purchased Professional - Educational Services	\$ 17,558	\$ 639	\$ 1,569								19,766
Tuition											75,000
General Supplies						\$	1,079				153
Textbooks							1,079				3,568
Total Instruction	17,558	639	1,569	722	1,767		1,079		-		116,213
Support Services:											
Personal Services - Employee Benefits											1,196
Purchased Professional - Technical Services											56,098
Purchased Professional - Educational Services								\$	2,970		2,970
Other Purchased Services (400-500 Series)											2,000
General Supplies											4,117
Total Support Services	-	-	-	-	-	-	-	-	2,970		66,381
Total Expenditures	\$ 17,558	\$ 639	\$ 1,569	\$ 722	\$ 1,767	\$	1,079	\$	2,970	\$	182,594

F. Capital Projects Fund

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**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>PROJECT TITLE/ISSUE</u>	<u>ORIGINAL DATE</u>	<u>ORIGINAL APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>TRANSFER TO DEBT SERVICE FUND</u>	<u>UNEXPENDED BALANCE JUNE 30, 2017</u>
			<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>		
Construction of New Elementary School \$37,685,000 Bonds Issued Dated 2/28/08	12/11/2007	\$ 37,985,000	\$ 34,565,697	\$ -	\$ (3,412,000)	\$ 7,303
Total		\$ 37,985,000	\$ 34,565,697	\$ -	\$ (3,412,000)	\$ 7,303

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

REVENUES AND OTHER FINANCING SOURCES:

Interest Earned	<u>\$ 701</u>
Total Revenues and Other Financing Sources	<u>701</u>

EXPENDITURES AND OTHER FINANCING USES:

Transfer to Debt Service Fund	<u>(300,701)</u>
Total Expenditures and Other Financing Uses	<u>(300,701)</u>
Net Change in Fund Balance	(300,000)
Fund Balance - Beginning	<u>307,303</u>
Fund Balance - Ending	<u><u>\$ 7,303</u></u>

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
CONSTRUCTION OF NEW ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
Revenues & Other Financing Sources:				
Bond Proceeds and Transfers	\$ 37,685,000	\$ -	\$ 37,685,000	\$ 37,685,000
Sale of Old School	300,000		300,000	300,000
Total Revenues	37,985,000	-	37,985,000	37,985,000
Expenditures & Other Financing Uses:				
Legal/Accounting Services	193,707		193,707	193,707
Purchased Professional & Technical Services	3,124,930		3,124,930	3,124,930
Land & Improvements	1		1	1
Construction Services	27,649,657		27,649,657	27,656,960
Other Objects	2,332,108		2,332,108	2,332,108
Fire Expense (net)	715,806		715,806	715,806
Other Objects	549,488		549,488	549,488
Total Expenditures	34,565,697	-	34,565,697	34,573,000
Other Financing Sources/ (Uses):				
Transfer to Debt Service Fund	(3,112,000)	(300,000)	(3,412,000)	(3,412,000)
Total Other Financing Sources/ (Uses)	(3,112,000)	(300,000)	(3,412,000)	(3,412,000)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 307,303	\$ (300,000)	\$ 7,303	\$ -

Additional Project Information:

Project Number	NJDOE #0830-N02-07-1000
Grant Date	N/A
Bond Authorization Date	12/11/2007
Bonds Authorized	\$ 37,685,000
Bonds Issued	\$ 37,685,000
Original Authorized Cost	\$ 37,985,000
Additional Authorized Cost	\$ (3,412,000)
Revised Authorized Cost	\$ 34,573,000
Percentage Increase Over Original Authorized Cost	-8.98%
Percentage Completion	96.00%
Original Target Completion Date	9/1/2010
Revised Target Completion Date	12/17/2010

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G. Proprietary Funds

See Exhibit B-4, B-5 and B-6

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H. Fiduciary Fund

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CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

ASSETS	PRIVATE PURPOSE TRUST		AGENCY FUNDS		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY	PAYROLL		
Assets:					
Cash & Cash Equivalents	\$ 21,558	\$ 32,150	\$ 248,312	\$	302,020
Due From Agency					0
Total Assets	21,558	32,150	248,312		302,020
LIABILITIES					
Liabilities:					
Payroll Deductions & Withholdings			248,312		248,312
Accounts Payable	105				105
Due to Student Groups		32,150			32,150
Total Liabilities	105	32,150	248,312		280,567
NET POSITION					
Held in Trust for:					
Unemployment Claims	21,453				21,453
Total Net Position	\$ 21,453	\$ -	\$ -	\$	21,453

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2017**

	PRIVATE PURPOSE TRUST UNEMPLOYMENT COMPENSATION TRUST
Additions:	
Local Sources:	
Payroll Deductions	\$ 14,440
Total Operating Revenues	14,440
Total Additions	14,440
Deductions:	
Unemployment Claims	14,541
Change in Net Position	(101)
Net Position, July 1	21,554
Net Position, June 30	\$ 21,453

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
FIDICIARY FUNDS
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2017
Chesterfield Township Elementary School	\$ 33,549	\$ 83,013	\$ 84,412	\$ 32,150
Total Student Activity	\$ 33,549	\$ 83,013	\$ 84,412	\$ 32,150

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
FIDICIARY FUNDS
SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DISBURSEMENTS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 207,101	\$ 6,387,854	\$ 6,346,643	\$ 248,312
Total Assets	\$ 207,101	\$ 6,387,854	\$ 6,346,643	\$ 248,312
LIABILITIES				
Payroll Deductions & Withholdings	\$ 207,101	\$ 6,387,854	\$ 6,346,643	\$ 248,312
Total Liabilities	\$ 207,101	\$ 6,387,854	\$ 6,346,643	\$ 248,312

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I. Long-Term Debt

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CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS		INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2016	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2017			
			DATE	AMOUNT							
New Elementary School	8/26/2010	\$ 37,685,000	2/1/2018	960,000	4.500%	\$ 1,875,000	\$ 915,000	\$ 960,000			
2015 Refunding Bonds	9/16/2015	9,920,000	2/1/2018	75,000	2.500%	9,860,000	75,000	9,785,000			
			2/1/2019	1,085,000	3.000%						
			2/1/2020	1,115,000	3.000%						
			2/1/2021	1,155,000	3.000%						
			2/1/2022	790,000	3.000%						
			2/1/2022	400,000	4.000%						
			2/1/2023	1,230,000	3.000%						
			2/1/2024	1,270,000	3.000%						
			2/1/2025	1,310,000	3.000%						
2/1/2026	1,355,000	4.000%									
2016 Refunding Bonds	2/15/2016	24,510,000	2/1/2018	105,000	2.000%	24,510,000	120,000	24,390,000			
			2/1/2019	105,000	2.000%						
			2/1/2020	105,000	2.000%						
			2/1/2021	110,000	2.000%						
			2/1/2022	110,000	2.000%						
			2/1/2023	115,000	2.125%						
			2/1/2024	115,000	2.125%						
			2/1/2025	120,000	2.250%						
			2/1/2026	120,000	2.500%						
			2/1/2027	1,575,000	5.000%						
			2/1/2028	1,655,000	5.000%						
			2/1/2029	1,745,000	3.000%						
			2/1/2030	1,795,000	3.000%						
			2/1/2031	1,855,000	3.000%						
			2/1/2032	1,910,000	3.000%						
			2/1/2033	1,975,000	3.000%						
			2/1/2034	2,040,000	3.000%						
			2/1/2035	2,100,000	3.125%						
			2/1/2036	2,170,000	3.125%						
			2/1/2037	2,245,000	3.250%						
			2/1/2038	2,320,000	3.250%						
Total						\$ 36,245,000	\$ 1,110,000	\$ 35,135,000			

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>PURPOSE</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>		<u>INTEREST RATE</u>	<u>BALANCE OUTSTANDING JULY 1, 2016</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE OUTSTANDING JUNE 30, 2017</u>
			<u>PRINCIPAL</u>	<u>INTEREST</u>					
*2016 Chevy Mid Bus	8/15/2015	5 Years	\$ 65,407	\$ 3,253	2.38%	\$ 51,807	\$	51,807	\$ -
						\$ 51,807	- \$	51,807	\$ -

*The Bus was paid off in the current fiscal year.

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,644,682	\$ -	\$ 1,644,682	\$ 1,644,682	\$ -
State Sources:					
Debt Service Aid Type II	347,196	-	347,196	347,196	-
Total Revenues	1,991,878	-	1,991,878	1,991,878	-
Expenditures:					
Regular Debt Service:					
Redemption of Principal	1,110,000	-	1,110,000	1,110,000	-
Interest	1,183,023	-	1,183,023	1,183,023	-
Total Regular Debt Service	2,293,023	-	2,293,023	2,293,023	-
Excess/(Deficiency) of Revenues Over (Under) Expenditures	(301,145)	-	(301,145)	(301,145)	-
Other Financing Sources/(Uses):					
Transfers In:					
Capital Projects Fund - Interest	-	-	-	701	(701)
Capital Projects Fund - Unexpended Bond Proceeds	300,000		300,000	300,000	-
Total Other Financing Sources/(Uses)	300,000	-	300,000	300,701	(701)
Excess/(Deficiency) of Revenues Over (Under) Expenditures and Other Sources and Uses	(1,145)	-	(1,145)	(444)	(701)
Fund Balance, July 1,	36,546		36,546	36,546	-
Fund Balance, June 30	\$ 35,401	\$ -	\$ 35,401	\$ 36,102	\$ (701)

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30.										
Governmental Activities:										
Net Investment in Capital Assets										
Restricted	\$ (865,666)	\$ (6,625,571)	\$ (4,296,331)	\$ (4,302,083)	\$ (3,693,237)	\$ (3,044,034)	\$ (2,814,350)	\$ 2,160,907	\$ (30,819,547)	\$ (34,490,820)
Unrestricted	185,600	(102,642)	49,405	40,587	139,875	230,202	227,760	14,839,120	33,513,318	37,106,857
	(6,431,074)	(883,327)	(2,789,647)	(278,645)	593,387	651,067	1,306,504	(15,170,967)	(595,406)	(470,922)
Total Governmental Activities										
Net Position	\$ (7,111,140)	\$ (7,611,540)	\$ (7,036,573)	\$ (4,540,141)	\$ (2,959,975)	\$ (2,162,765)	\$ (1,280,086)	\$ 1,829,060	\$ 2,098,365	\$ 2,145,115
Business-Type Activities:										
Net Investment in Capital Assets										
Unrestricted	\$ 70,902	\$ 73,022	\$ 81,730	\$ 90,438	\$ 99,146	\$ 107,854	\$ 114,188	\$ -	\$ -	\$ -
	55,070	55,669	69,614	69,556	60,250	48,786	29,682	53,275	59,536	47,197
Total Business-Type Activities										
Net Position	\$ 125,972	\$ 128,691	\$ 151,344	\$ 159,994	\$ 159,396	\$ 156,640	\$ 143,870	\$ 53,275	\$ 59,536	\$ 47,197
Government-Wide:										
Net Investment in Capital Assets										
Restricted	\$ (794,764)	\$ (6,552,549)	\$ (4,214,601)	\$ (4,211,645)	\$ (3,594,091)	\$ (2,936,180)	\$ (2,700,162)	\$ 2,160,907	\$ (30,819,547)	\$ (34,490,820)
Unrestricted	185,600	(102,642)	49,405	40,587	139,875	230,202	227,760	14,839,120	33,513,318	37,106,857
	(6,376,004)	(827,658)	(2,720,033)	(209,089)	653,637	699,853	1,336,180	(15,117,692)	(535,870)	(423,725)
Total Net Position										
	\$ (6,985,168)	\$ (7,482,849)	\$ (6,885,229)	\$ (4,380,147)	\$ (2,800,579)	\$ (2,006,125)	\$ (1,136,222)	\$ 1,882,335	\$ 2,157,901	\$ 2,192,312

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities										
Instruction:										
Regular Instruction	\$ 3,169,018	\$ 2,900,473	\$ 3,694,988	\$ 3,460,393	\$ 3,333,123	\$ 3,116,593	\$ 2,754,097	\$ 2,714,457	\$ 2,411,829	\$ 2,260,357
Special Education	753,928	787,995	769,470	725,318	586,367	489,239	481,159	385,893	371,341	316,935
Other Instruction	155,882	160,083	195,751	137,645	169,047	202,022	193,267	188,746	135,972	115,033
Support Services:										
Tuition	269,716	141,810	114,912	90,794	65,914	8,320	31,065	120,524	46,377	31,241
Student & Instruction Related Services	1,472,248	1,445,538	1,909,225	1,620,138	1,608,477	1,469,615	1,433,311	1,206,307	1,174,553	1,048,253
Educational Media Services/School Library		81,313	279,639	281,538	250,252	256,895	269,388	254,595	240,278	227,266
General Administrative Services	278,678	198,485	1,042,551	1,039,886	979,579	945,928	770,171	61,130	644,845	538,609
School Administrative Services	226,140	265,146	89,461	87,413	81,790	79,514	64,098	641,621	41,164	150
Central Services	203,094	210,542	342,058	346,905	313,597	273,059	299,783	423,474	415,871	342,986
Administrative Technology	85,228	96,128	-	-	-	-	-	-	-	-
Plant Operations & Maintenance	780,094	796,170	1,596,536	643,799	720,841	539,234	421,174	389,796	343,026	441,222
Pupil Transportation	322,851	310,909	-	-	-	-	-	-	7,131	5,684
Employee Benefits	1,987,462	4,564,937	-	-	-	12,997	-	-	-	-
On Behalf TPAF Pension and Social Security Contributions	1,139,311	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	1,234,885	1,675,886	1,550,959	1,581,427	1,606,623	1,629,799	1,648,019	1,664,395	1,676,335	584,611
Unallocated Depreciation	1,439,503	633,420	601,340	601,342	603,671	596,954	1,016,567	121,773	76,528	15,940
Increase/(Decrease) In Compensated Absences	-	20,212	-	-	41,597	43,644	43,649	58,487	43,716	70,070
Total Governmental Activities Expenses	13,518,038	14,289,047	12,533,215	10,930,573	10,618,069	9,907,449	9,634,014	8,505,792	7,825,044	6,196,002
Business-Type Activities:										
Food Service	204,169	228,862	203,894	191,139	178,143	163,396	182,867	148,196	137,406	144,550
Total Business-Type Activities Expense	204,169	228,862	203,894	191,139	178,143	163,396	182,867	148,196	137,406	144,550
Total District	\$ 13,722,207	\$ 14,517,909	\$ 12,737,109	\$ 11,121,712	\$ 10,796,212	\$ 10,070,845	\$ 9,816,881	\$ 8,653,988	\$ 7,962,450	\$ 6,340,552

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30.										
Revenues:										
Operating Grants & Contributions	\$ 1,321,905	\$ 2,911,947	\$ 576,213	\$ 604,529	\$ 819,239	\$ 910,942	\$ 981,763	\$ 1,087,745	\$ 1,301,375	\$ 1,201,970
Total Governmental Activities Program Revenues	1,321,905	2,911,947	576,213	604,529	819,239	910,942	981,763	1,087,745	1,301,375	1,201,970
Business-Type Activities:										
Charges for Services:										
Food Service	154,521	152,369	83,260	92,822	107,798	114,747	116,249	136,636	142,587	153,536
Operating Grants:										
Food Service	38,309	40,261	19,231	26,884	27,578	31,242	30,071	37,135	38,258	38,192
Total Business Type Activities Program Revenues	192,830	192,630	102,491	119,706	135,376	145,989	146,320	173,771	180,845	191,728
Total District Program Revenues	\$ 1,514,735	\$ 3,104,577	\$ 2,353,949	\$ 1,393,698	\$ 1,482,220	\$ 1,261,516	\$ 1,128,083	\$ 1,056,931	\$ 954,615	\$ 724,235
Net/(Expense)/Revenue:										
Governmental Activities	\$ (12,196,133)	\$ (11,377,100)	\$ (10,374,510)	\$ (9,728,890)	\$ (9,316,694)	\$ (8,819,704)	\$ (8,652,251)	\$ (7,594,850)	\$ (7,005,805)	\$ (5,591,473)
Business-Type Activities	(11,339)	(36,232)	(8,650)	589	2,702	10,375	(36,547)	(2,207)	(2,030)	(24,844)
Total District-Wide Net Expense	\$ (12,207,472)	\$ (11,413,332)	\$ (10,383,160)	\$ (9,728,301)	\$ (9,313,992)	\$ (8,809,329)	\$ (8,688,798)	\$ (7,597,057)	\$ (7,007,835)	\$ (5,616,317)

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property taxes levied for general purposes, net	\$ 9,040,635	\$ 9,828,810	\$ 7,905,426	\$ 7,105,255	\$ 6,764,011	\$ 5,243,789	\$ 6,298,785	\$ 5,410,410	\$ 5,289,387	\$ 4,845,926
Taxes levied for debt service	1,644,682	-	1,266,528	1,295,229	1,335,580	2,564,573	1,027,479	1,293,188	504,293	96,516
Federal and State Aid	798,846	811,027	424,262	371,325	317,880	217,298	106,575	272,181	340,275	343,209
Tuition received	40,875	43,595	46,059	42,157	43,950	37,450	36,153	-	-	2,430
Investment earnings	-	-	1,169	1,448	3,186	2,600	75,383	343,164	722,557	369,150
Miscellaneous	72,344	85,419	66,686	54,290	54,877	56,237	408,218	6,602	13,552	14,826
Capital asset adjustment	-	-	-	-	-	29,250	(100,081)	-	88,991	-
Extraordinary item - Fire loss impairment, net	-	-	-	-	-	(214,172)	(807,238)	-	-	-
Extraordinary item - Fire insurance recovery	-	-	300,000	5,000	-	-	-	-	-	-
Special item - Value of donated property	-	-	-	-	-	-	-	-	-	738,530
Special item - Route 528 school impaired	-	-	-	-	-	-	(1,375,294)	-	-	-
Special item - Gain on Sale of Property	-	-	-	300,000	-	-	-	-	-	-
Special item - Adjustment to Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	1,099,151	-	-	-	-	-	(126,875)	-	-	(19,200)
Total Governmental Activities	12,696,533	10,768,851	10,010,130	9,174,704	8,519,484	7,937,025	5,543,105	7,325,545	6,959,055	6,391,387
Business-type Activities										
Investment earnings	-	-	-	9	54	21	167	146	176	737
Miscellaneous income	-	13,579	-	-	-	-	100	-	-	-
Other	-	-	-	-	-	2,374	-	(4,200)	14,193	7,000
Transfers	-	-	-	-	-	-	126,875	-	-	19,200
Special item - Adjustment to Capital Assets	8,620	-	-	-	-	-	-	-	-	-
Total business-type activities	8,620	13,579	-	9	54	2,395	127,142	(4,054)	14,369	26,937
Total District-Wide	12,705,153	10,782,430	10,010,130	9,174,713	8,519,538	7,939,420	5,670,247	7,321,491	6,973,424	6,418,324
Change in Net Position:										
Governmental Activities	500,400	(608,249)	(364,380)	(554,186)	(797,210)	(882,679)	(3,109,146)	(269,305)	(46,750)	799,914
Business-Type Activities	(2,719)	(22,653)	(8,650)	598	2,756	12,770	90,595	(6,261)	12,339	2,093
Total District	\$ 497,681	\$ (630,902)	\$ (373,030)	\$ (553,588)	\$ (794,454)	\$ (869,909)	\$ (3,018,551)	\$ (275,566)	\$ (34,411)	\$ 802,007

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30.									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 310,997	\$ 290,108	\$ 153,838
Unreserved	-	-	-	-	-	-	-	219,830	612,115	525,835
Restricted	142,195	38,033	37,941	37,916	132,559	224,238	202,550	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	4,135	89,962	159,325	334,971	238,544	335,701	-	-	-
Unassigned	250,848	65,959	210,433	195,780	241,999	253,828	243,972	-	-	-
Total General Fund	\$ 393,043	\$ 108,127	\$ 338,336	\$ 393,021	\$ 709,529	\$ 716,610	\$ 782,223	\$ 530,827	\$ 902,223	\$ 679,673
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,677,132	\$ 24,534,768	\$ 795,200
Restricted, reported in:										
Capital projects fund	7,303	7,303	-	-	-	-	-	-	-	-
Debt Service fund	36,102	36,546	-	-	-	-	-	-	-	-
Committed, reported in:										
Capital projects fund	-	300,000	707,303	887,331	1,554,160	2,139,038	-	-	-	-
Debt Service fund	-	-	11,464	2,671	7,316	5,964	25,210	-	-	-
Unreserved, reported in:										
Capital projects fund	-	-	-	-	-	-	-	4,837,382	8,153,022	35,578,213
Debt Service fund	-	-	-	-	-	-	-	14,568	135,928	319,709
Assigned	-	-	-	-	-	-	3,210,747	-	-	-
Capital Projects fund	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 43,405	\$ 343,849	\$ 718,767	\$ 890,002	\$ 1,561,476	\$ 2,145,022	\$ 3,235,957	\$ 14,529,082	\$ 32,823,718	\$ 36,693,122

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	
Revenues:										
Tax Levy	\$ 10,685,317	\$ 9,828,810	\$ 9,171,954	\$ 8,400,484	\$ 8,099,591	\$ 7,808,362	\$ 6,703,598	\$ 5,793,680	\$ 4,942,442	
Interest Earnings	-	-	1,169	42,157	43,950	37,450	36,153	-	2,430	
Tuition	40,875	43,595	46,059	1,448	3,186	2,600	343,164	722,557	369,150	
Miscellaneous	75,654	85,419	366,686	54,290	56,861	56,237	408,218	13,552	14,826	
State Sources	1,964,461	1,799,527	1,640,787	1,386,171	1,403,428	1,104,042	1,051,880	994,310	830,695	
Federal Sources	152,980	170,903	170,554	187,124	215,827	201,001	131,243	165,204	117,043	
Total Revenue	12,919,287	11,928,254	11,397,209	10,071,674	9,822,843	9,209,692	8,236,487	7,689,303	6,276,586	
Expenditures:										
Instruction:										
Regular Instruction	3,155,131	2,900,473	2,884,424	2,698,563	2,571,024	2,439,152	2,190,083	1,979,548	1,880,779	
Special Education Instruction	746,565	936,387	593,118	547,209	453,890	372,689	303,656	298,986	258,057	
Other Instruction	155,882	11,691	149,229	116,490	117,166	154,525	148,479	109,957	92,051	
Support Services	269,716	141,810	114,912	90,794	65,914	8,320	120,524	46,377	31,241	
Tuition	-	26,688	-	-	-	-	-	-	-	
Attendance & Social Work Services	-	123,867	-	-	-	-	-	-	-	
Health Services	-	1,294,983	-	1,152,187	1,036,781	935,072	842,167	829,266	754,186	
Student and Instructional Related services	1,459,265	81,313	-	-	-	-	-	-	-	
Educational Media Services/School Library	-	198,485	-	-	-	-	-	-	-	
General Administration	277,709	265,146	192,349	183,271	180,790	173,107	168,155	161,417	194,938	
School Administrative Services	229,779	210,542	264,838	235,000	233,685	226,337	212,278	161,149	156,596	
Central services	203,094	96,128	214,709	216,894	184,340	211,947	199,713	199,391	189,562	
Administrative Information Technology	85,228	796,170	89,461	87,413	81,790	79,514	61,130	41,164	150	
Plant Operations and Maintenance	785,993	310,909	893,941	888,888	828,386	832,319	565,627	583,117	499,487	
Pupil Transportation	328,234	2,738,828	319,374	318,472	279,568	251,353	400,651	393,158	328,699	
Employee benefits	2,889,405	-	2,431,512	2,225,897	2,138,896	1,923,405	1,425,091	1,165,201	1,170,017	
Special Schools	-	-	-	-	-	-	-	7,131	5,684	
Education Jobs	-	-	-	-	-	12,997	-	-	-	
Capital Outlay - Fire Restoration	-	-	-	-	-	318,114	-	-	-	
Capital outlay	3,935	89,028	30,077	46,878	35,125	389,323	18,195,286	3,693,714	1,319,189	
Debt service:										
Principal	1,161,807	935,000	750,000	625,000	587,000	465,000	360,000	80,000	80,000	
Interest and other charges	1,183,072	1,474,622	1,603,575	1,631,700	1,656,310	1,677,008	1,709,679	1,586,581	22,892	
Total Expenditures	12,934,815	12,632,070	11,923,129	11,064,656	10,450,665	10,470,182	26,902,519	11,336,157	6,983,528	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(15,528)	(703,816)	(525,920)	(992,982)	(627,822)	(1,260,490)	(18,666,032)	(3,646,854)	(706,942)	
Other Financing Sources/(Uses):										
Bond proceeds	-	34,976,406	-	-	-	-	-	-	37,685,000	
Deposit to Refunding Escrow	-	(34,627,649)	-	-	-	-	-	-	-	
Capital leases (non-budgeted)	-	65,407	-	-	-	-	-	-	-	
Bond premium	-	-	-	-	-	-	-	-	1,156,618	

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

	FISCAL YEAR ENDING JUNE 30.									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	
Revenues:										
Costs of issuing bonds										
Prior year accounts payable cancelled										
Prior year accounts receivable cancelled										
Transfers in	300,701	400,648	751,145	626,319	-	344,714	331,567	702,277	319,709	
Transfers out	(300,701)	(400,648)	(751,145)	(626,319)	-	(344,714)	(331,567)	(702,277)	(338,909)	
Total Other Financing Sources/(Uses)	-	65,407	-	-	37,195	-	-	-	37,665,800	
Extraordinary Item - Fire restoration costs	-	-	300,000	5,000	103,942	794,161	-	-	-	
Net Change in Fund Balances	\$ (15,528)	\$ (638,409)	\$ (225,920)	\$ (987,982)	\$ (590,627)	\$ (11,041,729)	\$ (18,666,032)	\$ (3,646,854)	\$ 36,958,858	
Debt Service as a Percentage of Noncapital Expenditures	18.1%	19.2%	19.8%	20.5%	21.5%	21.2%	19.5%	23.8%	21.8%	1.8%

Source: District Records

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

Fiscal Year Ending June 30,	Tuition	Interest Income	E-Rate	Solar SRECS	Refund of Prior Year Expenditures	Facility Use	Sale of Furniture	Other	Total Miscellaneous
2017	\$ 40,875	\$ -	\$ 33,290	\$ -	\$ -	\$ 34,421	\$ -	\$ 3,932	\$ 112,518
2016	43,595	92	21,375	9,030	53	38,480	-	12,939	125,564
2015	46,059	24	14,718	11,034	-	-	-	33,451	105,286
2014	42,157	130	14,266	9,776	-	-	-	30,251	96,580
2013	43,950	1,292	5,016	6,445	41	-	2,600	32,760	92,104
2012	37,450	1,269	13,286	15,560	30	-	10,408	12,936	90,939
2011	36,153	5,669	10,135	-	-	-	-	15,255	67,212
2010	-	343,164	-	-	-	-	-	6,602	349,766
2009	-	722,557	-	-	-	-	-	13,552	736,109
2008	2,430	369,150	-	-	514	-	-	14,312	386,406

Source: District records

Revenue Capacity Information

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

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Chesterfield Township School District
Assessed Value and Actual Value of Taxable Property
Last Ten Calendar Years

Year Ended December 31.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities *	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total	
												District School Tax Rate	Regional School Tax Rate
2016	\$ 10,765,800	\$ 647,224,400	\$ 60,875,400	\$ 6,334,300	\$ 20,480,200	\$ 289,700	\$ 311,900	\$746,281,700	\$ 1,197,510	\$ 747,479,210	\$ 747,461,210	1.429	0.605
2015	10,765,800	647,224,400	60,875,400	6,334,300	20,480,200	289,700	311,900	746,281,700	1,197,510	747,479,210	747,461,210	1.345	0.593
2014	12,749,620	627,626,300	61,010,200	6,343,900	21,435,700	249,800	311,900	729,727,420	1,197,383	730,924,803	729,679,569	1.267	0.602
2013	12,679,850	620,147,500	61,625,000	6,355,700	22,067,800	-	311,900	723,187,750	1,189,657	724,377,407	708,256,288	1.156	0.575
2012	15,007,250	615,693,700	62,545,500	6,380,000	24,933,900	-	311,900	724,872,250	1,373,508	726,245,758	710,087,088	1.124	0.597
2011	16,999,100	605,978,600	63,921,400	6,399,100	26,821,788	-	311,900	720,431,888	1,428,088	721,859,976	718,703,962	1.094	0.544
2010	17,452,700	595,722,000	64,404,000	6,406,500	28,426,700	-	311,900	712,723,800	1,414,385	714,138,185	732,263,237	0.931	0.501
2009	28,535,250	646,753,950	74,048,800	6,365,000	29,487,200	-	336,700	785,526,900	1,473,969	787,000,869	713,517,932	0.883	0.461
2008	41,851,975	603,223,800	74,378,100	6,317,500	31,673,300	-	336,700	757,781,375	1,090,910	758,872,285	705,872,695	0.803	0.446
2007	82,590,600	496,199,700	53,793,300	9,730,800	29,990,500	-	336,700	672,641,600	956,696	673,598,296	601,851,461	0.734	0.408

Source: Municipal Tax Assessor

Note: Property values were reassessed effective for 2007.

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

Year Ended December 31,	Chesterfield School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct School Tax Rate	Chesterfield Township	Burlington County	Northern Burlington	
	Basic Rate ^a	Debt Service ^b				Regional	
						School Tax	
2016	1.258	0.171	1.429	0.513	0.415	0.605	2.962
2015	1.172	0.173	1.345	0.224	0.413	0.593	2.575
2014	1.088	0.179	1.267	0.177	0.372	0.602	2.418
2013	0.972	0.184	1.156	0.129	0.378	0.575	2.238
2012	0.939	0.185	1.124	0.295	0.392	0.597	2.408
2011	0.906	0.188	1.094	0.053	0.388	0.544	2.079
2010	0.767	0.164	0.931	0.041	0.362	0.501	1.835
2009	0.817	0.066	0.883	0.041	0.354	0.461	1.739
2008	*	0.790	0.013	0.041	0.348	0.446	1.638
2007		0.719	0.015	0.042	0.376	0.408	1.560

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added

Chesterfield Township School District
Principal Property Taxpayers,
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Colonial Pipeline Co.	\$ 4,202,100	1	0.56%	\$ 4,279,200	6	0.64%
Historical Old York Country Club	3,000,000	2	0.40%	8,238,900	4	1.22%
Mekwin, LLC	1,921,700	3	0.26%			
Taxpayer 1	1,420,300	4	0.19%	27,949,500	1	4.15%
Taxpayer 2	1,190,400	5	0.16%	13,518,100	2	2.01%
Taxpayer 3	1,107,400	6	0.15%	12,357,700	3	1.83%
Taxpayer 4	999,000	7	0.13%	6,633,000	5	0.98%
Taxpayer 5	990,400	8	0.13%	3,328,800	7	0.49%
Crosbie Enterprises	982,100	9	0.13%			
Transcontinental Gas Pipeline Corp.	936,500	10	0.13%			
Public Service Electric & Gas Company				2,743,000	9	0.41%
Taxpayer 6				2,832,000	8	0.42%
Taxpayer 7				2,480,000	10	0.37%
Total	\$ 16,749,900		2.24%	\$ 84,360,200		12.52%
Total Municipal Assessment	\$ 747,479,210			\$ 673,598,296		

Source: Municipal Tax Assessor

**Chesterfield Township School District
Property Tax Levies and Collections
Last Ten Years**

Year Ended December 30,	Taxes Levied for the Fiscal Year	Collected within the Current Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 21,419,997	\$ 21,109,685	98.55%	unavailable
2015	19,912,446	19,568,519	98.27%	309,651
2014	18,332,062	18,019,405	98.29%	343,927
2013	17,096,481	16,617,881	97.20%	312,657
2012	18,144,304	17,708,206	97.60%	478,600
2011	15,636,762	15,331,418	98.05%	436,098
2010	15,297,862	14,963,940	97.82%	305,344
2009	14,247,769	13,845,963	97.18%	333,922
2008	13,091,448	12,656,448	96.68%	401,806
2007	11,645,348	11,277,634	96.84%	435,000

Source: Municipal Audit Reports

Debt Capacity Information

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

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Chesterfield Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business- Type Activities		Percentage of		
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Personal Income (a)	Per Capita (b)	
2017	\$ 35,135,000	\$ -	\$ -	\$ -	\$ 35,135,000	unavailable	unavailable	
2016	36,245,000	51,807	-	-	36,296,807	unavailable	\$ 4,846.04	
2015	34,885,000	-	-	-	34,885,000	8.34%	4,607.11	
2014	35,635,000	-	-	-	35,635,000	8.60%	4,624.32	
2013	36,260,000	-	-	-	36,260,000	9.00%	4,662.47	
2012	36,847,000	-	-	-	36,847,000	9.34%	4,801.54	
2011	37,312,000	-	-	-	37,312,000	9.56%	4,776.24	
2010	37,677,000	-	-	-	37,677,000	10.09%	4,850.28	
2009	38,037,000	-	-	-	38,037,000	10.48%	4,991.73	
2008	38,117,000	-	-	-	38,117,000	10.74%	5,136.37	

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable	
	Obligation	Deductions	Debt Outstanding	Value ^a of Property	Per Capita ^b
2017	\$ 35,135,000	\$ -	\$ 35,135,000	unavailable	unavailable
2016	36,245,000	-	36,245,000	4.86%	\$ 4,839.12
2016	34,885,000	-	34,885,000	4.67%	4,607.11
2014	35,635,000	-	35,635,000	4.88%	4,624.32
2013	36,260,000	-	36,260,000	5.01%	4,662.47
2012	36,847,000	-	36,847,000	5.08%	4,801.54
2011	37,312,000	-	37,312,000	5.18%	4,776.24
2010	37,677,000	-	37,677,000	5.29%	4,850.28
2009	38,037,000	-	38,037,000	4.84%	4,991.73
2008	38,117,000	-	38,117,000	5.03%	5,136.37

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

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

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

Deductions are allowable for resources that are restricted to repaying the principal of debt

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017**

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Chesterfield Township Net Debt - December 31, 2016:	9,124,381	100.00%	\$ 9,124,381
Chesterfield Township Sewer Utility Net Debt - December 31, 2016:	-	100.00%	-
Burlington County Net Debt at December 31, 2016 (a)	314,942,084	1.729%	5,445,996
Subtotal, Overlapping Debt			\$ 14,570,377
Chesterfield Township School District Direct Debt			35,135,000
Total Direct and Overlapping Debt			\$ 49,705,377

Sources: 2016 Annual Debt Statements

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

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)

	FISCAL YEAR ENDING JUNE 30.									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 18,368,636	\$ 24,942,738	\$ 17,875,745	\$ 18,146,265	\$ 17,989,557	\$ 17,781,208	\$ 17,517,608	\$ 16,591,365	\$ 14,697,365	\$ 12,708,115
Total Net Debt Applicable to Limit	35,135,000	36,245,000	34,885,000	35,635,000	36,260,000	36,847,000	37,312,000	37,677,000	38,037,000	38,117,000
Legal Debt Margin	\$ (16,766,364)	\$ (11,302,262)	\$ (17,009,255)	\$ (17,488,735)	\$ (18,270,443)	\$ (19,065,792)	\$ (19,794,392)	\$ (21,085,635)	\$ (23,339,635)	\$ (25,408,885)
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	191.28%	145.31%	195.15%	196.38%	201.56%	207.22%	213.00%	227.09%	258.80%	299.94%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2016	\$ 758,339,295
2015	725,375,169
2014	720,521,819
	<u>\$ 2,204,236,283</u>
Average Equalized Valuation of Taxable Property	<u>\$ 734,745,428</u>
Debt Limit (2.5% of Average Equalization Value)	18,368,636
Net Bonded School Debt	<u>35,135,000</u>
Legal Debt Margin	<u>\$ (16,766,364)</u>

Source: 2016 Annual Debt Statement
Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of
Taxation. Limit set by N.J.S.A.18A:24-19 for K through 6 district; other % limits would be applicable for other districts

Demographic and Economic Information

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

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**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>POPULATION (a)</u>	<u>PERSONAL INCOME (b)</u>	<u>PER CAPITA PERSONAL INCOME (c)</u>	<u>UNEMPLOYMENT RATE (d)</u>
2017	unavailable	unavailable	unavailable	unavailable
2016	7,490	unavailable	unavailable	4.6%
2015	7,572	418,178,844	55,227	4.7%
2014	7,706	414,174,382	53,747	5.7%
2013	7,777	402,731,945	51,785	5.1%
2012	7,674	394,366,860	51,390	9.0%
2011	7,812	390,248,460	49,955	8.6%
2010	7,768	373,229,096	48,047	8.9%
2009	7,620	363,085,380	47,649	8.3%
2008	7,421	354,842,536	47,816	4.8%

Source:

(a) Population information provided by US Bureau of the Census; Population Division, 7/1/08

(b) Personal income calculated using population and per capita personal income

(c) Per Capita personal income provided by the NJ Dept of Labor and Workforce Development

(d) Unemployment data provided by the NJ Dept of Labor and Workforce Development

N/A - Information not available.

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2017		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment
Garden State Youth Correctional Cntr.	529	1	18.7%
Albert C. Wagner Youth Correctional Facility	505	2	17.9%
Chesterfield Twp. School District	109	3	3.9%
James Durr Wholesale Florist	85	4	3.0%
Olde York Country Club & Restaurant Services	75	4	2.7%
Chesterfield Twp. Municipal Government	30	6	1.1%
Rapleyea Nursery & Central Jersey Landscaping	30	7	1.1%
Chesterfield Inn	25	8	0.9%
Townsend Machine Inc.	25	9	0.9%
Fernbrook Nursery	17	10	0.6%
Meadow View Junior Academy	6	11	0.2%
	<u>1,436</u>		<u>50.8%</u>
Total Municipal Employment			^a <u>2,827</u>

2008

Information Not Available

Source: District Personnel

^a 2016 NJ Annual Average Labor Force Estimates by Municipality

Operating Information

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

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CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEAR

<u>Function/Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	28	32	33	34	36	39	41	43	43	44
Special education	5	5	6	6	7	11	11	11	11	11
Other Instruction	2	2	2	2	2	2	2	2	2	2
Support Services:										
Student & instruction related services	11	14	15	15	15	13	14	15	15	15
General administration	1	1	1	1	1	1	1	1	1	1
School administrative services	3	3	3	3	3	3	3	3	3	3
Central services	3	3	4	4	4	4	4	4	4	4
Administrative Information Technolog	-	-	-	-	-	-	-	-	-	-
Plant operations and maintenance	8	8	10	10	12	12	12	12	12	13
Pupil transportation	1	1	2	2	2	2	2	2	2	2
Food Service	-	-	-	-	-	-	-	-	-	-
Total	62	69	76	77	82	87	90	93	93	95

Source: District Personnel Records

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>ENROLLMENT</u>	<u>OPERATING EXPENDITURES (a)</u>	<u>COST PER PUPIL</u>	<u>PERCENTAGE CHANGE</u>	<u>TEACHING STAFF (b)</u>	<u>TEACHER/ PUPIL RATIO</u>	<u>TEACHER/ PUPIL RATIO ELEMENTARY</u>	<u>AVERAGE DAILY ENROLLMENT (ADE)(c)</u>	<u>AVERAGE DAILY ATTENDANCE (ADA)(c)</u>	<u>% CHANGE IN AVERAGE DAILY ENROLLMENT</u>	<u>STUDENT ATTENDANCE PERCENTAGE</u>
2017	767	\$ 10,586,001	\$ 13,802	4.32%	57	13.5:1	13.5:1	768.8	738.0	0.58%	95.99%
2016	757	10,014,856	13,230	10.52%	56	13.5:1	13.5:1	764.4	736.7	4.97%	96.38%
2015	728	8,714,618	11,971	-3.95%	54	13.5:1	13.5:1	728.2	698.5	4.60%	95.92%
2014	703	8,761,078	12,462	-1.79%	52	13.5:1	13.5:1	696.2	667.3	8.87%	95.85%
2013	644	8,172,230	12,690	-1.76%	45	14.3:1	14.3:1	639.5	607.8	9.77%	95.04%
2012	590	7,620,737	12,917	5.44%	49	11.3:1	11.3:1	582.6	553.7	5.14%	95.04%
2011	563	6,897,080	12,251	-9.01%	46	11.73:1	11.73:1	554.1	522.1	13.59%	94.22%
2010	493	6,637,554	13,464	0.71%	42	11.73:1	11.73:1	487.8	466.5	10.81%	95.63%
2009	447	5,975,862	13,369	-0.72%	38	11.76:1	11.76:1	440.2	421.6	8.77%	95.77%
2008	413	5,561,447	13,466	4.15%	39	10.1:1	10.1:1	404.7	387.7	14.06%	95.80%

Sources: District records

Note: Enrollment based on annual October District count.

- a. Operating expenditures equal total general fund expenditures
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)

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>District Building (NOT IN SERVICE EFFECTIVE 1/1/11)</u>										
<u>Elementary</u>										
Chesterfield Elementary School (1964)										
Square Feet	-	-	-	-	-	-	-	39,740	39,740	39,740
Capacity (students)	-	-	-	-	-	-	-	306	306	306
Enrollment	-	-	-	-	-	-	-	493	447	413
<u>District Building (NEW)</u>										
<u>Elementary</u>										
Chesterfield Elementary School (2011)										
Square Feet	116,000	116,000	116,000	116,000	116,000	116,000	116,000	-	-	-
Capacity (students)	918	918	918	918	918	918	918	-	-	-
Enrollment	757	757	728	703	644	590	563	-	-	-

Number of Schools at June 30, 2017

Elementary = 1

Middle School = 0

Senior High School = 0

Other = 0

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

	*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
--	---	------	------	------	------	------	------	------	------	------	------

School Facilities	\$	87,274	\$	106,594	\$	127,068	\$	123,929	\$	133,492	\$	114,593	\$	50,837	\$	47,752	\$	48,318	\$	34,345
-------------------	----	--------	----	---------	----	---------	----	---------	----	---------	----	---------	----	--------	----	--------	----	--------	----	--------

* 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

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Building and Contents (All Locations)	\$ 27,250,000	\$ 5,000
Equipment Breakdown/Boiler	100,000,000	5,000
General Liability & Auto Liability	16,000,000	-
School Board Legal Liability	6,000,000	5,000
Excess Liability	Included	-
Workers' Compensation	Statutory	-
Student Accident Insurance (1)	5,000,000	-
Surety Bonds (1)		
Treasurer	215,000	1,000
Board Secretary/Business Administrator	75,000	500

(1) New Jersey School Boards Association Insurance Group

Source: District records

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Chesterfield Township School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Chesterfield Township School District's basic financial statements, and have issued our report thereon dated October 31, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

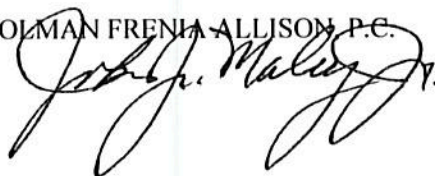
We noted a certain immaterial instance of noncompliance that is not required to be reported under *Governmental Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, that we reported to management in a separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance dated November 9, 2017.

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON P.C.



John J. Maley, Jr.
Certified Public Accountant
Public School Accountant, No. 454

Bordentown, New Jersey
November 9, 2017

EXHIBIT K-2

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

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

Report on Compliance for Each Major State Program

We have audited the Chesterfield Township School District's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2017. The Chesterfield Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Chesterfield Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with New Jersey OMB's Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as Finding No. 2017-001. Our opinion on each major state program is not modified with respect to this matters.

Chesterfield Township School District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "John J. Maley, Jr.", with a stylized, cursive script.

John J. Maley, Jr.
Certified Public Accountant
Public School Accountant, No. 454

Bordentown, New Jersey
November 9, 2017

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CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2017 (ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
U.S. Department of Agriculture											
Passed Through New Jersey Department of Agriculture											
Child Nutrition Cluster:											
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-026	19,305	7/1/16-6/30/17	(1,182)	18,149	(19,305)		(1,156)	-
National School Lunch Program	10.555	16161NJ304N1099	100-010-3350-026	23,584	7/1/15-6/30/16		1,182			-	-
Healthy Hunger-Free Kids Act	10.555	171NJ304N1099	100-010-3350-026	2,230	7/1/16-6/30/17	(128)	2,095	(2,230)		(135)	-
Healthy Hunger-Free Kids Act	10.555	16161NJ304N1099	100-010-3350-026	2,400	7/1/15-6/30/16		128			-	-
Food Distribution Program (Noncash Assistance)	10.555	171NJ304N1099	Unavailable	15,244	7/1/16-6/30/17		15,244	(12,830)		-	2,414
Food Distribution Program (Noncash Assistance)	10.555	16161NJ304N1099	Unavailable	17,450	7/1/15-6/30/16	4,839		(4,839)		-	-
Total Child Nutrition Cluster						3,529	36,798	(39,204)	-	(1,291)	2,414
Total U.S. Department of Agriculture						3,529	36,798	(39,204)	-	(1,291)	2,414
U.S. Department of Education											
Passed Through New Jersey Department of Education											
I.D.E.A. Part B (Special Education Cluster)											
Basic	84.027	H027A160100	100-034-5065-016	127,575	7/1/16-6/30/17	(63,423)	97,748	(127,098)		(29,350)	-
Basic	84.027	H027A150100	100-034-5065-016	137,722	7/1/15-6/30/16		63,423			-	-
Preschool	84.173	H173A160114	100-034-5065-020	5,949	7/1/16-6/30/17	(4,236)	3,910	(5,949)		(2,039)	-
Preschool	84.173	H173A150114	100-034-5065-020	6,107	7/1/15-6/30/16		4,236			-	-
Total Special Education Cluster						(67,659)	169,317	(133,047)	-	(31,389)	-
No Child Left Behind (N.C.L.B.):											
Title I - Part A	84.010	S010A160030	100-034-5064-194	13,126	7/1/16-6/30/17	(10,694)	8,000	(13,126)		(5,126)	-
Title I - Part A	84.010	S010A150030	100-034-5064-194	14,543	7/1/15-6/30/16		10,694			-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A160029	100-034-5063-290	3,985	7/1/16-6/30/17	(12,361)	12,361	(6,807)		(6,807)	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A150029	100-034-5063-290	14,139	7/1/15-6/30/16		12,361	(6,807)		-	-
Total U.S. Department of Education						(90,714)	200,372	(152,980)	-	(43,322)	-
Total Expenditures of Federal Awards						\$ (87,185)	\$ 237,170	\$ (192,184)	\$ -	\$ (44,613)	\$ 2,414

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

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

GRANT OR STATE PROJECT NUMBER	STATE GRANTOR/PROGRAM TITLE OR CLUSTER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE JUNE 30, 2017 ACCOUNTS RECEIVABLE	DUE TO GRANTOR	MEMO	
										BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
495-034-5120-094	State Aid Public:	\$	7/1/16-6/30/17		\$	(85,512)		\$		\$	85,512
495-034-5120-084	Supplemental Enrollment Growth Aid	43,728	7/1/16-6/30/17		43,728	(43,728)				7,991	43,728
495-034-5120-089	Special Education Categorical Aid	136,277	7/1/16-6/30/17		136,277	(136,277)				12,736	136,277
495-034-5120-096	Under Adequacy Aid	60,016	7/1/16-6/30/17		60,016	(60,016)				5,609	60,016
495-034-5120-097	Per Pupil Growth Aid	7,380	7/1/16-6/30/17		7,380	(7,380)				690	7,380
495-034-5120-098	PARCC Readiness	7,380	7/1/16-6/30/17		7,380	(7,380)				690	7,380
495-034-5120-101	Professional Learning Community Aid	8,010	7/1/16-6/30/17		8,010	(8,010)				749	8,010
	Total State Aid Public				348,303	(348,303)				32,550	348,303
495-034-5120-014	Transportation Aid	71,680	7/1/16-6/30/17		71,680	(71,680)				6,699	71,680
495-034-5120-014	Additional Nonpublic School Transportation Aid	4,176	7/1/16-6/30/17		4,176	(4,176)					4,176
495-034-5120-014	Additional Nonpublic School Transportation Aid	5,568	7/1/15-6/30/16	\$	(5,568)						5,568
495-034-5120-044	Extraordinary Aid	35,921	7/1/16-6/30/17			(35,921)					35,921
495-034-5120-044	Extraordinary Aid	42,039	7/1/15-6/30/16		(42,039)						42,039
495-034-5120-044	Reimbursed TPAF Social Security Contributions	312,126	7/1/16-6/30/17		296,773	(312,126)					312,126
100-034-5094-003	Reimbursed TPAF Social Security Contributions	303,526	7/1/15-6/30/16		14,486	(15,353)					303,526
495-034-5094-001	TPAF - Post Retirement	375,237	7/1/16-6/30/17		375,237	(375,237)					375,237
495-034-5094-002	TPAF - Pension	450,341	7/1/16-6/30/17		450,341	(450,341)					450,341
495-034-5094-004	TPAF - Long-Term Disability Insurance (Noncash Assistance)	1,607	7/1/16-6/30/17		1,607	(1,607)					1,607
	Total General Fund			(62,093)	1,606,034	(1,599,391)		(55,450)		39,249	1,950,524
100-034-5120-064	Non-Public Aid:	1,902	7/1/16-6/30/17		1,902	(1,079)			823		1,079
100-034-5120-070	Textbook Aid	2,970	7/1/16-6/30/17		2,970	(2,970)					2,970
100-034-5120-373	Nursing Services	858	7/1/16-6/30/17		858				858		
100-034-5120-373	Technology Initiative	1,014	7/1/15-6/30/16		1,014		\$	(1,014)			
100-034-5120-509	Technology Initiative	2,650	7/1/16-6/30/17		2,650				2,650		
100-034-5120-509	Security Aid	1,550	7/1/15-6/30/16		1,550			(1,550)			
100-034-5120-066	Handicapped Services (Ch. 193)	3,924	7/1/16-6/30/17		3,924	(1,569)			2,355		1,569
100-034-5120-066	Supplemental Instruction	3,242	7/1/16-6/30/17		3,242	(722)			2,520		722
100-034-5120-066	Examination & Classification	3,409	7/1/15-6/30/16				(1)				3,409
100-034-5120-066	Examination & Classification	1,767	7/1/16-6/30/17		1,767	(1,767)					1,767
100-034-5120-066	Corrective Speech	2,508	7/1/15-6/30/16		501		(501)				
100-034-5120-067	Corrective Speech	28,666	7/1/16-6/30/17		28,666	(17,558)			11,108		17,558
100-034-5120-067	Auxiliary Services Aid (Ch. 192):	25,381	7/1/15-6/30/16				(5,838)				19,543
100-034-5120-067	Compensatory Education	1,827	7/1/16-6/30/17		1,827	(639)			1,188		639
100-034-5120-067	English as a Second Language	1,639	7/1/15-6/30/16		604		(604)				1,035
	Total Special Revenue Fund			9,508	47,806	(26,304)	(9,508)		21,502		50,291
495-034-5120-075	Debt Service Fund:	347,196	7/1/16-6/30/17		347,196	(347,196)					347,196
	School Construction Debt Service Aid										
	Total Debt Service Fund				347,196	(347,196)					347,196

CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE, JUNE 30, 2017 ACCOUNTS RECEIVABLE	DUE TO GRANTOR	MEMO	
										BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
New Jersey Department of Agriculture:											
Enterprise Fund											
National School Lunch Program	100-010-3350-023	1,530	7/1/16-6/30/17		1,437	(1,530)		(93)	-		1,530
National School Lunch Program	100-010-3350-023	1,666	7/1/15-6/30/16	(89)	89			-			1,666
Total Enterprise Fund				(89)	1,526	(1,530)	-	(93)	-		3,196
Total State Financial Assistance				\$ (52,674)	\$ 2,002,562	\$ (1,974,421)	\$ (9,508)	\$ (55,543)	\$ 21,502	\$ 39,249	\$ 2,351,207
State Financial Assistance Programs not subject to Calculation for Major Program Determination:											
TPAF - Post Retirement											
Medical (Noncash Assistance)	495-034-5094-001	375,237	7/1/16-6/30/17			\$ 375,237					
TPAF - Pension											
Contributions (Noncash Assistance)	495-034-5094-002	450,341	7/1/16-6/30/17			450,341					
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	1,607	7/1/16-6/30/17			1,607					
Total State Financial Assistance subject to Calculation for Major Program Determination						\$ (1,147,236)					

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

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**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Chesterfield Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

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

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

Note 3. Relationship to Basic Financial Statements

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

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(8,430) for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,590,961	\$ 1,590,961
Special Revenue Fund	152,980	26,304	179,284
Debt Service Fund	-	347,196	347,196
Food Service Fund	39,204	1,530	40,734
	<u>192,184</u>	<u>1,965,991</u>	<u>2,158,175</u>
Total Awards & Financial Assistance	\$ 192,184	\$ 1,965,991	\$ 2,158,175

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Chesterfield Township School District had no loan balances outstanding at June 30, 2017.

Financial Statements

Internal control over financial reporting:

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

2) Significant deficiency(ies) identified? _____ yes _____ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	yes	no
---	-----	----

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? ☒ yes ☐ no

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

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

State Financial Assistance

Dollar threshold used to determine Type A programs

Unmodified

Auditee qualified as low-risk auditee?

X yes no

Internal control over major programs:

1) Material weakness(es) identified?

 yes X no

2) Significant deficiency(ies) identified?

 yes X no

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

Unmodified

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

X yes no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

495-034-5120-094
495-034-5120-084
495-034-5120-089
495-034-5120-096
495-034-5120-097
495-034-5120-098
495-034-5120-101

State Aid Public:

Supplemental Enrollment Growth Aid
Security Aid
Special Education Categorical Aid
Under Adequacy Aid
Per Pupil Growth Aid
PARCC Readiness Aid
Professional Learning Community Aid

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

Section II – Financial Statement Findings

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

None.

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

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

N/A – Federal single audit not required

STATE FINANCIAL ASSISTANCE

Finding 2017-001

Information on the state program:

	<u>Grant Number</u>
State Aid Public:	
Supplemental Enrollment Growth Aid	495-034-5120-094
Security Aid	495-034-5120-084
Special Education Categorical Aid	495-034-5120-089
Under Adequacy Aid	495-034-5120-096
Per Pupil Growth Aid	495-034-5120-097
PARCC Readiness Aid	495-034-5120-098
Professional Learning Community Aid	495-034-5120-101

Criteria or specific requirement:

N.J.S.A. 18A:22-8.1 requires Commissioner approval (or executive county superintendent as Commissioner's designee) for line-item transfers from any general fund appropriation account that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes.

Condition:

The School District did not receive proper county superintendent approval for line-item transfers from general appropriation accounts that on a cumulative basis exceeded 10 percent of the amount of the account included in the budget certified for taxes as required by N.J.S.A. 18A:22-8.1.

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

**Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs
(continued)**

Finding 2017-001 (continued)

Context:

The School District did not receive County approval for transfers from/to tuition, general administration, school administration and School-Sponsored Co/Extra-Curricular Activities, School Sponsored Athletics, and Other Instructional Programs that exceed 10 percent.

Questioned Costs:

None

Cause:

Unknown

Effect or potential effect:

The School District did not comply with N.J.S.A. 18A:22-8.1 requirements.

Recommendation:

That the School District receive County Superintendent approval for all line-item transfers from any general fund appropriation account that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes.

View of Responsible Official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

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**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Financial Statement Findings

No Prior Year Findings.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

No Prior Year Findings.

