

**SCHOOL DISTRICT
OF
PENNSVILLE TOWNSHIP**

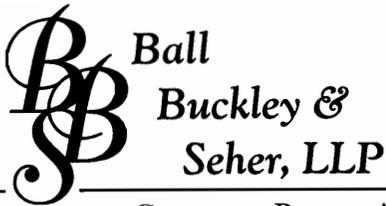
**Pennsville Township Board of Education
Pennsville, New Jersey**

***Auditor's Management Report On Administrative
Findings - Financial, Compliance, and Performance
For the Fiscal Year Ended June 30, 2011***

TABLE OF CONTENTS

	<u>Page No.</u>
Report of Independent Auditors	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official's Bonds	2
Financial Planning, Accounting, and Reporting	
Examination of Claims	2
Payroll Account	2
Reserve for Encumbrances and Accounts Payable	2-3
Travel	3
Classification of Expenditures	3
General Classifications	3
Administrative Classifications	3
Board Secretary's Records	3-4
Treasurer's Records	4
Elementary and Secondary Education Act of 1965/Improving Improving America's Schools Act as Reauthorized By the No Child Left Behind Act of 2001	4
Other Special Federal and/or State Projects	4-5
I.D.E.A. Part B	5
T.P.A.F. Reimbursement	5
Nonpublic State Aid	5
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	5
School Food Service	5-6
Student Body Activities	6
Application for State School Aid	6
Unemployment Compensation Insurance Trust Fund	6
Pupil Transportation	7
Facilities and Capital Assets	7
Follow-Up on Prior Years' Findings	7
Acknowledgment	7
Schedule of Audited Enrollments	8
Excess Surplus Calculation	9-10

Tax I.D. Number: 21-6000283-001



CERTIFIED PUBLIC ACCOUNTANTS



REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Pennsville Township School District
County of Salem
Pennsville, New Jersey

We have audited, in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Pennsville Township School District in the County of Salem for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Pennsville Township Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

William H. Buckley, III
Licensed Public School Accountant #86
BALL, BUCKLEY AND SEHER, LLP

November 30, 2011

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE, AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-13, Insurance Schedule contained in the District's C.A.F.R.

Official's Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
John J. Recchinti	Business Administrator/Board Secretary	\$ 10,000.00
Alberta S. Peterson	Treasurer	\$ 210,000.00

Financial Planning, Accounting, and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification, or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund.

Payrolls were delivered to the Treasurer of School Moneys with a warrant to his order for the full amount of each payroll.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the New Jersey Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes complied with federal and state regulations regarding the compensation which is required to be reported.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable.

District personnel did perform an analysis of outstanding purchase orders at June 30 and prepare the separate listings of purchase orders comprising the balance sheet account balances for accounts payable and reserve for encumbrances.

Payments were made with proper authorization for amounts which exceeded the original approved purchase order amounts.

Travel

The District obtained written approval of the Executive County Superintendent for a travel event that exceeded \$5,000.00 as required by N.J.A.C. 6A:23A-5.9.

The District has an approved board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

Payments for travel by employees were approved before completion of the travel event.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0.00% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

General Classification -

Finding:

During our tests of transactions, it was noted that an ice machine was purchased and mischarged to a fund 11 account. This expense was properly reclassified to a fund 12 account without creating an overexpenditure. Since this was an unintentional miscoding and the reclassification did not create an overexpenditure, no recommendation is necessary.

Administrative Classification - Our test of administrative staff salaries found that salaries were properly charged to the administrative function budget line items.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following items.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Acknowledgment of the Board's receipt of the Board Secretary's and the Treasurer's monthly financial reports was included in the minutes.

No budgetary line accounts were overexpended during the fiscal year and at June 30.

The Board Secretary filed monthly certifications of the budgetary line items status which are consistent with the actual budgetary records.

Payments to vendors were not made prior to the receipt of goods.

Finding:

The capital asset records were updated for the additions and disposals of capital assets made during the year. However, these were not done in a timely fashion and need to be updated regularly and made available for audit. No recommendation is warranted at this time.

The District is maximizing its efforts under the Special Education Medicaid Initiative (SEMI) Program for obtaining federal funding for special education services.

The District made board approved line-item transfers during the year and maintained a monthly transfer report and year-to-date transfers in a format prescribed by the Commissioner.

The District used an E-Rate consultant during the audit year. This consultant properly filed the appropriate claim forms on a timely basis for the District. Some refunds have been received for E-Rate reimbursements for the school year 2010-11. Due to the possibility in a change in the discount rate, an accurate refund receivable could not be determined. Thus, said refund receivables has not been recorded on the District's books as of June 30, 2011.

Finding:

Audit adjustments were given to the Board Secretary/Business Administrator, yet some adjustments were not posted to the District's records. These adjustments are needed in order to ensure that the correct balances are being maintained. Due to the fact that the unposted adjustments were simply overlooked, no recommendation is warranted at this time.

Finding:

There are a total of seven checks outstanding in the payroll account, the agency account, and one of the student activity accounts that are over a year old. These checks need to be canceled by the Board of Education. Since these checks are very immaterial in dollar amount, no recommendation is needed.

Treasurer's Records

The following items were noted during our review of the records of the Treasurer.

The Treasurer's records were maintained by an employee of the board appointed to the position of Treasurer of School Moneys.

The Treasurer performed cash reconciliations for the General Operating Account, Payroll Account, and Payroll Agency Account (N.J.S.A. 18A:17-9).

All cash receipts were promptly deposited (N.J.S.A. 18A:17-34, 18A:17-9.1).

The Treasurer's records were in agreement with the records of the Board Secretary.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./N.C.L.B. financial exhibits are contained within the Special Revenue Section of the C.A.F.R. This section of the C.A.F.R. documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

A study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

Salary charges were documented each pay period and allocated salary charges for teaching staff members was supported by employee time sheets.

Due to grantor balances were returned or disposed of in accordance with the grant agreement.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedule A and Schedule B located in the C.A.F.R.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the C.A.F.R. This section of the C.A.F.R. documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the special projects indicated no areas of noncompliance and/or questionable costs.

I.D.E.A. Part B

Separate accounting was maintained for each approval project.

Grant application approvals and acceptance of grant funds were made by Board resolution and recorded in the minutes.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements (electronic, but district's can print out the DOENET screen for an auditor) filed with the Department of Education for district employees who are members of the Teacher's Pension and Annuity Fund. No exceptions were noted.

Nonpublic State Aid

Project Completion Reports were finalized and transmitted to the Department by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter, the bid threshold in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000.00 and \$26,000.00, respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$17,200.00.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory threshold within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

School Food Service

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records, and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food services program will make a profit. The operating results provision has been met. No exceptions were noted.

Expenditures were separately recorded as food, labor, and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all school food services' employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

Food distribution program commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Fund, Section G of the C.A.F.R.

Student Body Activities

During our review of the student activity funds, the following items were noted.

The Board had a policy that clearly established the regulation of student activity funds.

Cash receipts and disbursements were properly recorded and had adequate supporting documentation.

Receipts were deposited on a timely basis.

Application for State School Aid

Our audit procedures included tests of information reported in the October 15, 2010 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income, and bilingual. We also performed a review of the District's procedures related to its completion. The information on the A.S.S.A. was compared to the District's workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District written procedures appear to be adequate for the recording of student enrollment data.

Unemployment Compensation Insurance Trust Fund

The Board had adopted the direct reimbursement method and has established an unemployment compensation insurance expendable trust fund.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2010-11 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

Contracts were not recorded awarded prior to signing of the grant.

Follow-Up On Prior Years' Findings

Not Applicable

Acknowledgment

We received the complete cooperation of all the officials of the School District, and we greatly appreciate the courtesies extended to the members of the audit team.

SCHEDULE OF AUDITED ENROLLMENTS
 PENNSVILLE TOWNSHIP SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 Enrollment As Of October 15, 2010

	2011-12 Application For State School Aid						Sample For Verification				Private Schools for Disabled				Resident Low Income			Sample For Verification			Resident LEP Low Income			Sample For Verification			Resident LEP NOT Low Income			Sample For Verification						
	Reported On A.S.S.A. On Roll		Reported On Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified Per Registers On Roll		Errors Per Registers On Roll		Reported On A.S.S.A. As Private Schools	Sample For Verification	Sample Verified	Sample Errors	Reported On A.S.S.A. As Low Income	Reported On Workpapers As Low Income	Errors	Sample Selected From Workpapers	Verified To Application And Register	Sample Errors	Reported On A.S.S.A. As LEP Low Income	Reported On Workpapers As LEP Low Income	Errors	Sample Selected From Workpapers	Verified To Test Score And Register	Sample Errors	Reported On A.S.S.A. As NOT Low Income	Reported On Workpapers As NOT Low Income	Errors	Sample Selected From Workpapers	Verified To Application And Register	Sample Errors		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half-day preschool 3 years old	10.0	-	10.0	-	-	-	-	-	-	-	-	-	-	-	-	6.0	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Half-day preschool 4 years old	10.0	-	10.0	-	-	-	-	-	-	-	-	-	-	-	-	3.0	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Half-day kindergarten	140.0	-	140.0	-	-	-	21	-	21	-	-	-	-	-	-	43.0	43.0	-	7.0	7.0	-	1.0	1.0	-	1.0	1.0	-	2.0	2.0	-	2.0	2.0	-	-	-	
One	128.0	-	128.0	-	-	-	19	-	19	-	-	-	-	-	-	34.0	34.0	-	8.0	8.0	-	1.0	1.0	-	1.0	1.0	-	-	-	-	-	-	-	-	-	
Two	119.0	-	119.0	-	-	-	18	-	18	-	-	-	-	-	-	28.0	28.0	-	9.0	9.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Three	127.0	-	127.0	-	-	-	19	-	19	-	-	-	-	-	-	41.0	41.0	-	17.0	17.0	-	-	-	-	-	-	-	1.0	1.0	-	1.0	1.0	-	-	-	-
Four	119.0	-	119.0	-	-	-	18	-	18	-	-	-	-	-	-	24.0	24.0	-	10.0	10.0	-	-	-	-	1.0	1.0	-	-	-	-	-	-	-	-	-	-
Five	139.0	-	139.0	-	-	-	21	-	21	-	-	-	-	-	-	38.0	38.0	-	11.0	11.0	-	1.0	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Six	122.0	-	122.0	-	-	-	18	-	18	-	-	-	-	-	-	34.0	34.0	-	12.0	12.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seven	125.0	-	125.0	-	-	-	19	-	19	-	-	-	-	-	-	31.0	31.0	-	15.0	15.0	-	2.0	2.0	-	2.0	2.0	-	-	-	-	-	-	-	-	-	-
Eight	127.0	-	127.0	-	-	-	19	-	19	-	-	-	-	-	-	32.0	32.0	-	9.0	9.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nine	90.0	-	90.0	-	-	-	13	-	13	-	-	-	-	-	-	16.0	16.0	-	14.0	14.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	92.0	-	92.0	-	-	-	14	-	14	-	-	-	-	-	-	14.0	14.0	-	7.0	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	91.0	4.0	91.0	4.0	-	-	14	-	14	-	-	-	-	-	-	17.0	17.0	-	7.0	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	108.0	10.0	108.0	10.0	-	-	16	-	16	-	-	-	-	-	-	9.0	9.0	-	6.0	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+ Cr.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 Cr.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1,547.0	14.0	1,547.0	14.0	-	-	229.0	-	229.0	-	-	-	-	-	-	370.0	370.0	-	132.0	132.0	-	5.0	5.0	-	5.0	5.0	-	3.0	3.0	-	3.0	3.0	-	-	-	
Special Ed - Elementary	131.0	-	131.0	-	-	-	20.0	-	20.0	-	-	2.0	1.0	1.0	-	55.0	55.0	-	9.0	9.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Middle School	84.0	-	84.0	-	-	-	13.0	-	13.0	-	-	-	-	-	-	28.0	28.0	-	1.0	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - High School	103.0	23.0	103.0	23.0	-	-	15.0	-	15.0	-	-	4.0	1.0	1.0	-	43.0	43.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sent to CSSD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	318.0	23.0	318.0	23.0	-	-	48.0	-	48.0	-	-	6.0	2.0	2.0	-	126.0	126.0	-	10.0	10.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	1,865.0	37.0	1,865.0	37.0	-	-	277.0	-	277.0	-	-	6.0	2.0	2.0	-	496.0	496.0	-	142.0	142.0	-	5.0	5.0	-	5.0	5.0	-	3.0	3.0	-	3.0	3.0	-	-	-	
Percentage error					0%	0%									0%							0%														0%

	Transportation						Average mileage - regular including grade PK students	Average mileage - regular excluding grade PK students	Average mileage - special ed with special needs
	Reported On DRTRS By DOE	Reported On DRTRS By District	Errors	Tested	Verified	Errors			
	Reported	Re-Calculated							
Regular - public schools	537.0	536.0	1.0	151.0	151.0	-	4.1	4.1	
Regular - special ed	83.5	83.5	-	9.0	9.0	-	4.1	4.1	
Aid in lieu - nonpublic	24.0	24.0	-	8.0	8.0	-	8.7	8.7	
Special ed - special needs	69.5	69.5	-	12.0	12.0	-			
Totals	714.0	713.0	1.0	180.0	180.0	-			
Percentage error						0.00%			

EXCESS SURPLUS CALCULATION

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2011**

Section 1

A. 2% Calculation of excess surplus

2010-11 Total general fund expenditures per the C.A.F.R., Exhibit C-1	\$ 28,131,113.70	(B)
Increased by:		
Transfer to food service fund	0.00	(B1a)
Transfer from capital outlay to capital projects fund	0.00	(B1b)
Transfer from capital reserve to capital projects fund	0.00	(B1c)
Decreased by:		
On-behalf TPAF pension and social security	1,846,970.98	(B2a)
Assets acquired under capital leases	0.00	(B2b)
	<hr/>	
Adjusted 2010-11 general fund expenditures [(B) + (B1's) - (B2's)]	\$ 26,284,142.72	(B3)
	<hr/>	
2% of adjusted 2010-11 general fund expenditures [(B3) times .02]	\$ 525,682.85	(B4)
	<hr/>	
Enter greater of (B4) or \$250,000.00	\$ 525,682.85	(B5)
Increased by: allowable adjustment*	36,641.68	(K)
	<hr/>	
Maximum unreserved/undesignated fund balance [(B5) + (K)]		\$ 562,324.53 (M)
		<hr/>

Section 2

Total general fund - fund balances at 6-30-11 (per C.A.F.R. budgetary comparison schedule C-1)	\$ 1,491,313.09	(C)
Decreased by:		
Year-end encumbrances	134,089.89	(C1)
Legally restricted - designated for subsequent year's expenditures	0.00	(C2)
Legally restricted - excess surplus - designated for subsequent year's expenditures**	125,231.52	(C3)
Other restricted fund balances****	1,096.94	(C4)
Assigned fund balance - unreserved - designated for subsequent year's expenditures	571,934.48	(C5)
	<hr/>	
Total unassigned fund balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ 658,960.26 (U1)
		<hr/>

Section 3

Restricted fund balance - excess surplus*** [(U1) - (M)] if negative enter -0-		\$ 96,635.73 (E)
		<hr/>
<i>Recapitulation of excess surplus as of June 30, 2011</i>		
Reserved excess surplus - designated for subsequent year's expenditures**		\$ 125,231.52 (C3)
Reserved excess surplus*** [(E)]		96,635.73 (E)
		<hr/>
Total [(C3) + (E)]		\$ 221,867.25 (D)
		<hr/>

*This adjustment line (as detailed below) is to be utilized for impact aid, sale and lease-back (refer to the Audit Program Section II, Chapter 10), extraordinary aid, additional nonpublic school transportation aid, and unbudgeted TPAF wage freeze grant funding. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of extraordinary aid and additional nonpublic school transportation aid.

Detail of allowable adjustments

Impact aid	\$	0.00	(H)
Sale and lease-back		0.00	(I)
Extraordinary aid		31,236.00	(J1)
Additional nonpublic school transportation aid		5,405.68	(J2)
Unbudgeted TPAF wage freeze grant funding		0.00	(J3)
		<hr/>	
Total adjustments [(H) + (I) + (J1) + (J2) + (J3)]	\$	<u>36,641.68</u>	(K)

**This amount represents the June 30, 2010 excess surplus (C3 above) and must be included in the Audit Summary Worksheet, Line 10025.

***Amount must agree to the June 30, 2011 C.A.F.R. and the sum of the two lines must agree to Audit Summary Worksheet, Line 10024.

****Amount for other reserved fund balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of other restricted fund balance

Statutory restrictions:

Approved unspent separate proposal	\$	0.00	
Capital outlay for a district with a capital outlay cap waiver		0.00	
Sale/lease-back reserve		0.00	
Capital reserve		1,096.94	
Maintenance reserve		0.00	
Emergency reserve		0.00	
Waiver offset reserve		0.00	
Tuition reserve		0.00	
Other state/government mandated reserve		0.00	
		<hr/>	
[Other reserved fund balance not noted above]****		0.00	
		<hr/>	
Total other restricted fund balance	\$	<u>1,096.94</u>	(C4)

William H. Buckley, III
Licensed Public School Accountant #86
BALL, BUCKLEY AND SEHER, LLP

**SCHOOL DISTRICT
OF
PENNSVILLE TOWNSHIP**

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

***Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011***

TABLE OF CONTENTS

Page No.

INTRODUCTORY SECTION

Letter of Transmittal	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7

FINANCIAL SECTION

<i>Unqualified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information and Supplementary Schedule of Federal and State Awards and Other Supplementary Information - Governmental Entity - Independent Auditor's Report</i>	8-9
<i>Required Supplementary Information - Part I</i> Management's Discussion and Analysis	10-17
<i>Basic Financial Statements</i>	
A. District-Wide Financial Statements	
A-1 Statement of Net Assets	18
A-2 Statement of Activities	19
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	20
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	21
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds	22
Proprietary Funds	
B-4 Statement of Net Assets	23
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	24
B-6 Statement of Cash Flows	25
Fiduciary Funds	
B-7 Statement of Fiduciary Net Assets	26
B-8 Statement of Changes in Fiduciary Net Assets	27
<i>Notes to the Financial Statements</i>	28-45
<i>Required Supplementary Information - Part II</i>	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	46-60
C-1a Combining Budgetary Comparison Schedule - General Fund	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	61-62
<i>Notes to Required Supplementary Information</i>	
C-3 Budget to GAAP Reconciliation	63

FINANCIAL SECTION (Continued)

Other Supplementary Information

D. School Level Schedules

D-1	Combining Balance Sheet	N/A
D-2	Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3	Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A

E. Special Revenue Fund

E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	64
E-1a	Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis - Federal	65
E-1b	Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis - State	66
E-1c	Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis - Local	67
E-2	Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-3	Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-4	Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
E-5	Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	68
F-2	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	69
F-2a	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis - Roof Replacement of Penn Beach School	70

G. Proprietary Funds

Enterprise Fund

G-1	Combining Statement of Net Assets	71
G-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	72
G-3	Combining Statement of Cash Flows	73

Internal Service Fund

G-4	Combining Statement of Net Assets	74
G-5	Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	75
G-6	Combining Statement of Cash Flows	76

FINANCIAL SECTION (Concluded)

H. Fiduciary Fund

H-1	Combining Statement of Fiduciary Net Assets	77
H-2	Combining Statement of Changes in Fiduciary Net Assets	78
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	79
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	80

I. Long-Term Debt

I-1	Schedule of Serial Bonds	81
I-2	Schedule of Obligations Under Capital Leases	82
I-3	Debt Service Fund Budgetary Comparison Schedule	83

STATISTICAL SECTION

Financial Trends

J-1	Net Assets By Component	84
J-2	Changes In Net Assets	85-86
J-3	Fund Balances - Governmental Funds	87
J-4	Changes In Fund Balances - Governmental Funds	88
J-5	General Fund Other Local Revenue By Source	89

Revenue Capacity

J-6	Assessed Value and Actual Value of Taxable Property	90
J-7	Direct and Overlapping Property Tax Rates	91
J-8	Principal Property Taxpayers	92
J-9	Property Tax Levies and Collections	93

Debt Capacity

J-10	Ratios of Outstanding Debt By Type	94
J-11	Ratios of Net General Bonded Debt Outstanding	95
J-12	Direct and Overlapping Governmental Activities Debt	96
J-13	Legal Debt Margin Information	97

Demographic and Economic Information

J-14	Demographic and Economic Statistics	98
J-15	Principal Employers - Salem County	99

Operating Information

J-16	Full-Time Equivalent District Employees by Function/Program	100
J-17	Operating Statistics	101
J-18	School Building Information	102
J-19	Schedule of Allowable Maintenance Expenditures by School Facility	103
J-20	Insurance Schedule	104

SINGLE AUDIT SECTION

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 (No Material Weaknesses Identified, No Significant Deficiencies Identified, No Reportable Instances of Noncompliance or Other Matters Identified)	105-106
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 (Unqualified Opinion on Compliance; No Material Weaknesses Or Significant Deficiencies in Internal Control Over Compliance Identified)	107-108
Schedule A - Schedule of Expenditures of Federal Awards	109
Schedule B - Schedule of Expenditures of State Financial Assistance	110
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	111-112
Schedule of Findings and Questioned Costs	113-115
Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	116

***Comprehensive Annual
Financial Report***

of the

Pennsville Township Board of Education

Pennsville, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

***John J. Recchinti
Business Administrator/Board Secretary***

Introductory Section



PENNSVILLE PUBLIC SCHOOL DISTRICT

Business Administration

30 Church Street

Pennsville, NJ 08070-2199

JOHN J. RECCHINTI
Business Administrator

Telephone (856) 540-6200
FAX (856) 678-7565
or (856) 678-2620

November 30, 2011

Honorable President and
Members of the Board of Education
Pennsville Township School District
County of Salem
Pennsville, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Pennsville Township School District (District) for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. Reporting Entity and Its Services

Pennsville Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Pennsville Township Board of Education and all its schools constitute the District's reporting entity.

1. Reporting Entity and Its Services (Concluded)

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an enrollment of 1,863 students, which is an increase from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-11	1,863	0.03%
2009-10	1,812	(4.03%)
2008-09	1,888	(3.23%)
2007-08	1,951	(5.06%)
2006-07	2,055	(1.72%)

2. Major Initiatives

The results of the Scholastic Aptitude Test for the Pennsville Memorial High School senior class of 2010-11 were: Critical Reading 478, Writing 452, and Math 497.

However, when the calculations include purely college preparatory students, that is those students who took college preparatory English (honors, cp, and academic) and mathematics through geometry or AIM 3, the overall results slightly improved.

On the state mandated High School Proficiency Assessment for eleventh grade, administered during the school year 2010-11, 90.1% of the students were at or above the state standards in language arts and 73.5% in mathematics.

3. Internal Accounting Controls

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

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

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

4. Budgetary Controls

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

5. Accounting System and Reports

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

6. Management's Discussion and Analysis

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

7. Cash Management

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

8. Risk Management

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

9. Other Information

A. Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ball, Buckley and Seher, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended in 1996 and the related OMB Circular A-133 and New Jersey OMB's Letter 04-04. The auditor's report on the basic financial statements and the combining and individual fund 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.

10. Acknowledgments

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

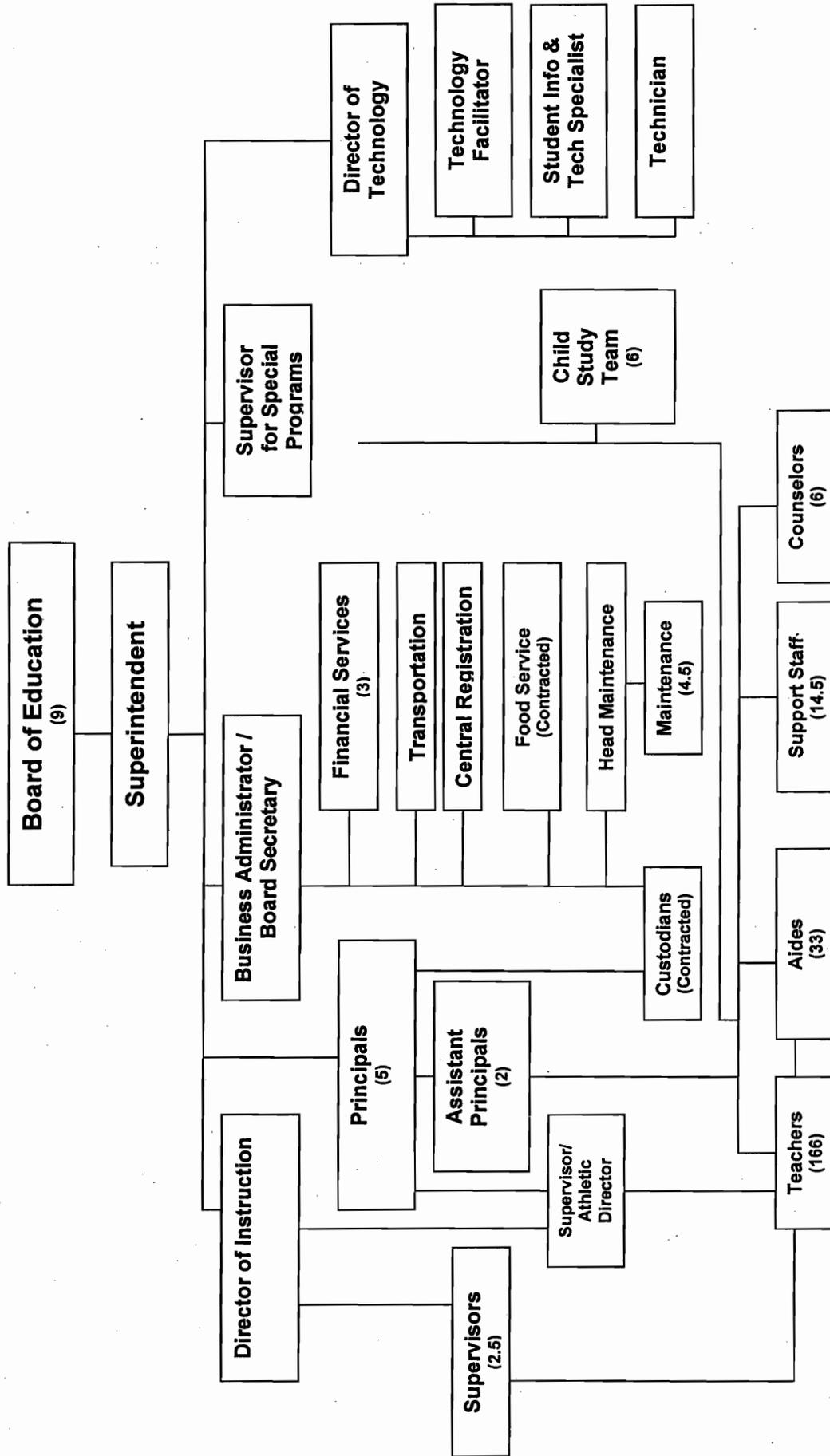
Respectfully submitted,

Dr. Mark T. Jones
Superintendent of Schools

John J. Recchinti
Business Administrator/Board Secretary

**PENNSVILLE TOWNSHIP BOARD OF EDUCATION
PENNSVILLE, NEW JERSEY**

**ORGANIZATIONAL CHART
JUNE 30, 2011**



**PENNSVILLE TOWNSHIP BOARD OF EDUCATION
PENNSVILLE, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2011**

Term
Expires

Members of the Board of Education

Katherine Bodine, President	2013
Leroy Pierce, Vice President	2013
Nancy Phillips	2012
Lisa Ascali	2012
Jack Nugent	2012
Margo Myers	2013
Greg Action	2014
Jeffrey Elwell	2014
Michael Manahan	2014

Other Officials

Mark T. Jones, Ed. D., Superintendent of Schools
John J. Recchinti, Business Administrator/Board Secretary
John Willadsen, Treasurer of School Moneys
Mark Toscano, Solicitor

**PENNSVILLE TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors**

Engineer

Remington & Vernick
232 Kings Highway
Haddonfield, New Jersey 08033

Audit Firm

Ball, Buckley and Seher, LLP
1301 North Broad Street
Woodbury, New Jersey 08096

Attorney

Mark Toscano
Comegno Law Group
521 Pleasant Valley Avenue
Moorestown, New Jersey 08057

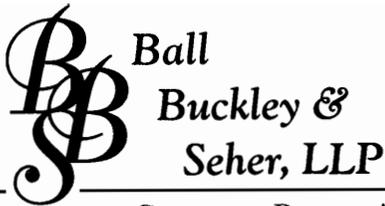
Official Depository

Pennsville National Bank
170 South Broadway
Post Office Box 345
Pennsville, New Jersey 08070

Insurance Agent

Arthur J. Gallagher
Risk Management Services, Inc.
525 Lincoln Drive West
Five Greentree Centre
4th Floor, Suite 410
Marlton, New Jersey 08053

Financial Section



CERTIFIED PUBLIC ACCOUNTANTS



UNQUALIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND SUPPLEMENTARY SCHEDULE OF FEDERAL AND STATE AWARDS AND OTHER SUPPLEMENTARY INFORMATION - GOVERNMENTAL ENTITY

Independent Auditor's Report

Honorable President and
Members of the Board of Education
Pennsville Township School District
County of Salem
Pennsville, New Jersey

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Pennsville Township School District, County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education of the Pennsville Township School District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Pennsville Township School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2011 on my consideration of the Board of Education of the Pennsville Township School District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

-8-

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 17 and 46 through 63 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Pennsville Township School District's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

BALL, BUCKLEY AND SEHER, LLP



William H. Buckley, III
Licensed Public School Accountant No. 86

November 30, 2011

Required Supplementary Information - Part I

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR JUNE 30, 2011
(UNAUDITED)**

It is a privilege to present to you the financial picture of the Pennsville Township School District (the District). The discussion and analysis of the Pennsville Township School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Total revenues of \$31,398,560.99 were comprised of general revenues in the amount of \$27,013,618.80 or 86.03 percent and program specific revenues from charges for services, grants, and contributions in the amount of \$4,384,942.19 or 13.97 percent.

The District had \$29,944,785.80 in expenses related to governmental activities; only \$3,790,350.32 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes and state aid) of \$27,010,262.19 were adequate to provide for these programs.

Net assets for enterprise fund types decreased in food service. The overall decrease resulted from operating expenses of \$611,521.29 exceeding operating revenues of \$594,591.87.

Using This Comprehensive Annual Financial Report (CAFR)

This annual report consists of two distinct series of financial statements: the district-wide and the fund financial statements.

The district-wide reports are designed to show the District's overall economic activity. The Statement of Net Assets and Statement of Activities provide information about the governmental-type and business-type activities of the whole District, presenting both an aggregate view of District finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Pennsville Township School District, the General, Special Revenue, Debt Service and Capital Projects funds are the most significant funds.

Reporting The School District As A Whole (District-Wide)

Statement of Net Assets and the Statement of Activities

The view of the District as a whole looks at all financial transactions and asks the questions, “Are we in a better financial position this year than last?” and “Why?” or “Why not?”. The statement of Net Assets and the Statement of Activities provide the basis for answering these questions. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the District’s net assets and any changes in those assets. The change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, including factors not under the District’s control, such as the District’s property tax base, current property tax laws in New Jersey restricting revenue growth, facility conditions, required educational programs and other factors.

The Statement of Net Assets and the Statement of Activities are divided into two distinct kinds of activities:

Governmental Activities – Most of the District’s programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District’s food service operations, academies, and School-to-Work program are reported as a business activity.

Reporting The School District’s Most Significant Funds (Fund Financials)

Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’s most significant funds.

Governmental Funds

Most of the District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds.

Enterprise Funds

Enterprise funds have historically operated as an enterprise fund using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the District as a whole.

The School District As A Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1
Net Assets

	2011			2010		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Assets:						
Current and other assets	\$ 1,795,416.82	\$ 28,401.11	\$ 1,823,817.93	\$ 1,893,834.73	\$ 40,125.77	\$ 1,933,960.50
Capital assets, net	3,316,649.36	25,826.12	3,342,475.48	2,521,364.19	16,139.03	2,537,503.22
Total assets	5,112,066.18	54,227.23	5,166,293.41	4,415,198.92	56,264.80	4,471,463.72
Liabilities:						
Current and other liabilities	857,486.09	11,535.24	869,021.33	222,365.77	0.00	222,365.77
Long-term liabilities:						
Due within one year	252,313.82	0.00	252,313.82	348,304.22	0.00	348,304.22
Due in more than one year	2,089,214.18	0.00	2,089,214.18	2,787,303.55	0.00	2,787,303.55
Total liabilities	3,199,014.09	11,535.24	3,210,549.33	3,357,973.54	0.00	3,357,973.54
Net assets:						
Invested in capital assets, net of debt	2,531,921.08	25,826.12	2,557,747.20	1,222,733.48	16,139.03	1,238,872.51
Restricted for:						
Debt service	1.06	0.00	1.06	0.74	0.00	0.74
Capital projects	2,442.18	0.00	2,442.18	1,086.94	0.00	1,086.94
Permanent endowment:						
Nonexpendable	88,717.81	0.00	88,717.81	88,733.47	0.00	88,733.47
Other purposes	1,019,983.32	0.00	1,019,983.32	962,662.16	0.00	962,662.16
Unrestricted	(1,730,013.36)	16,865.87	(1,713,147.49)	(1,217,991.41)	40,125.77	(1,177,865.64)
Total net assets	\$ 1,913,052.09	\$ 42,691.99	\$ 1,955,744.08	\$ 1,057,225.38	\$ 56,264.80	\$ 1,113,490.18

Table 2
Changes in Net Assets

	2011			2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Program revenues:						
Charges for services	\$ 761,468.89	\$ 351,711.74	\$ 1,113,180.63	\$ 748,760.62	\$ 386,029.70	\$ 1,134,790.32
Operating grants and contributions	3,028,881.43	242,880.13	3,271,761.56	3,999,931.54	237,852.98	4,237,784.52
General revenues:						
Property taxes	17,524,062.00	0.00	17,524,062.00	17,226,469.00	0.00	17,226,469.00
Grants and entitlements	8,170,494.44	0.00	8,170,494.44	9,141,616.35	0.00	9,141,616.35
Debt service	212,653.00	0.00	212,653.00	201,769.00	0.00	201,769.00
Other	1,103,052.75	3,356.61	1,106,409.36	1,064,415.51	0.00	1,064,415.51
Total revenues	30,800,612.51	597,948.48	31,398,560.99	32,382,962.02	623,882.68	33,006,844.70
Program expenses:						
Instruction	13,042,831.75	0.00	13,042,831.75	12,751,414.39	0.00	12,751,414.39
Tuition	894,823.20	0.00	894,823.20	1,344,917.39	0.00	1,344,917.39
Student and instruction related services	3,084,588.31	0.00	3,084,588.31	3,444,366.50	0.00	3,444,366.50
School administration services	1,279,476.35	0.00	1,279,476.35	1,222,179.80	0.00	1,222,179.80
General and business services	1,262,408.88	0.00	1,262,408.88	1,226,055.57	0.00	1,226,055.57
Plant operations and maintenance	2,732,052.39	0.00	2,732,052.39	2,567,790.08	0.00	2,567,790.08
Pupil transportation	1,194,498.27	0.00	1,194,498.27	1,197,183.28	0.00	1,197,183.28
Unallocated benefits	6,198,514.16	0.00	6,198,514.16	6,174,498.70	0.00	6,174,498.70
Special schools	2,307.87	0.00	2,307.87	108,749.55	0.00	108,749.55
Debt service	39,698.57	0.00	39,698.57	62,212.72	0.00	62,212.72
Unallocated depreciation	213,586.05	0.00	213,586.05	201,482.65	0.00	201,482.65
Enterprise operation	0.00	611,521.29	611,521.29	0.00	583,526.69	583,526.69
Total expenses	29,944,785.80	611,521.29	30,556,307.09	30,300,850.63	583,526.69	30,884,377.32
Increase (decrease) in net assets	\$ 855,826.71	\$ (13,572.81)	\$ 842,253.90	\$ 2,082,111.39	\$ 40,355.99	\$ 2,122,467.38

Table 2 shows the changes in net assets:

Governmental Activities

The tax levy in the amount of \$17,524,062.00 was approved by the voters in April 2010 for the operational expenses of the District. A tax levy in the amount of \$212,653.00 was raised for the payment of the District's bonded debt.

Instruction comprises 43.56 percent of governmental program expenses. Employee benefits were 20.70 percent and student-related services were 10.30 percent.

Property taxes made up 57.59 percent of revenues for governmental activities for fiscal year 2011.

The Statement of Activities shows the cost of program services and the charges for these services and offsetting grants. Table 3 shows, for governmental activities, the total cost and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 13,042,831.75	\$ 11,428,876.29	\$ 12,751,414.39	\$ 10,885,087.76
Tuition	894,823.20	894,823.20	1,344,917.39	935,765.39
Student and instruction related services	3,084,588.31	2,906,497.53	3,444,366.50	2,987,886.26
School administration services	1,279,476.35	1,279,476.35	1,222,179.80	1,222,179.80
General and business services	1,262,408.88	1,262,408.88	1,226,055.57	1,226,055.57
Plant operations and maintenance	2,732,052.39	2,732,052.39	2,567,790.08	2,567,790.08
Pupil transportation	1,194,498.27	1,194,498.27	1,197,183.28	1,197,183.28
Unallocated benefits	6,198,514.16	4,272,318.08	6,174,498.70	4,243,380.41
Special schools	2,307.87	2,307.87	108,749.55	108,749.55
Debt service	39,698.57	(32,409.43)	62,212.72	(23,402.28)
Unallocated depreciation	213,586.05	213,586.05	201,482.65	201,482.65
Total	\$ 29,944,785.80	\$ 26,154,435.48	\$ 30,300,850.63	\$ 25,552,158.47

The dependence upon general revenues for governmental activities is apparent. The community as a whole is, by far, the primary support for Pennsville Township School District students.

Business-Type Activities

Business-type activities include the food service operation. This program had program revenues of \$594,591.87 and expenses of \$611,521.29 for fiscal year 2011. Over 40.85 percent of those program revenues were from grants and contributions in the form of the federal and state lunch programs for the reimbursable lunch program. Participation governs the amount of commodity food received by the District.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues of \$29,415,319.20 and expenditures of \$30,105,673.59. The tax revenues for payment of the principal and interest flowed to the District's debt service fund.

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2011, the District amended its general fund budget as needed. The District uses a school-based budgeting system designed to tightly control total school budgets, but provide flexibility for location management. Building principals prepare a budget request based on course requirements and student enrollment projections.

For the General Fund, the final budget basis revenue was \$27,638,041.41 representing a \$2,227,952.41 increase from the original budget estimates of \$25,410,089.00. The final budget reflected a 3.50 percent increase over the original budgeted amount. For the General Fund, the final budget basis expenditures were \$28,131,113.70 representing a 7.75 percent increase of \$2,023,858.70 more than the original budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District has \$3,342,475.48 invested in land, buildings, equipment; \$3,316,649.36 in governmental activities.

**Table 4
Capital Assets at June 30, 2011 and 2010**

	2011		2010	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Land, site and site improvements	\$ 1,346,344.63	\$ 0.00	\$ 1,346,344.63	\$ 0.00
Building and improvements	908,817.56	0.00	908,817.56	0.00
Machinery and equipment	481,790.41	25,826.12	507,616.53	0.00
Construction in progress	579,696.76	0.00	579,696.76	16,139.03
Total	\$ 3,316,649.36	\$ 25,826.12	\$ 3,342,475.48	\$ 16,139.03

Debt

At June 30, 2011, the District has \$2,341,528.00 in debt outstanding, \$252,313.82 due within one year.

Table 5 summarizes debt outstanding.

**Table 5
Outstanding Debt at June 30, 2011 and 2010**

	2011		2010	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Construction renovation to existing school bonds 091-93	\$ 784,728.28	\$ 0.00	\$ 784,728.28	\$ 0.00
Obligations under capital lease	0.00	0.00	0.00	0.00
Compensated absences	1,556,799.72	0.00	1,556,799.72	0.00
Total	\$ 2,341,528.00	\$ 0.00	\$ 2,341,528.00	\$ 0.00

On December 17, 1993, the District issued \$3,023,759.00 general obligation bonds at 5.288% and \$1,007,920.00 general obligation bonds at 1.5% for construction renovations to the existing Pennsylvania schools. The final maturity of these bonds is July 15, 2013.

At June 30, 2011, the District's overall legal debt margin was \$50,791,864.76.

For The Future

A major concern for the Pennsville Township School District is the passing of a bond referendum, which will allow the District to make renovations to its aging facilities. The School District's other major source of revenue is State Aid which has been flat funded for the past few years. These two factors have created financial challenges for the school district.

Contacting The School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John J. Recchinti, School Business Administrator at Pennsville Township School District, 30 Church Street, Pennsville, NJ 08070.

Basic Financial Statements

District-Wide Financial Statements

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 538,350.52	\$ 4,870.57	\$ 543,221.09
Receivables, net	842,830.43	13,371.31	856,201.74
Inventory	0.00	10,159.23	10,159.23
Restricted assets:			
Cash and cash equivalents	414,234.87	0.00	414,234.87
Capital reserve account - cash	1.00	0.00	1.00
Capital assets, net	3,316,649.36	25,826.12	3,342,475.48
Total assets	5,112,066.18	54,227.23	5,166,293.41
LIABILITIES:			
Accrued interest	16,256.17	0.00	16,256.17
Accounts payable	114,506.08	11,535.24	126,041.32
Contracts payable	575,660.00	0.00	575,660.00
Payable to state government	8,607.80	0.00	8,607.80
Deferred revenue	142,456.04	0.00	142,456.04
Noncurrent liabilities:			
Due within one year	252,313.82	0.00	252,313.82
Due beyond one year	2,089,214.18	0.00	2,089,214.18
Total liabilities	3,199,014.09	11,535.24	3,210,549.33
NET ASSETS:			
Invested in capital assets, net of related debt	2,531,921.08	25,826.12	2,557,747.20
Restricted for:			
Capital projects	2,442.18	0.00	2,442.18
Debt service	1.06	0.00	1.06
Permanent endowment - nonexpendable	88,717.81	0.00	88,717.81
Other purposes	1,019,983.32	0.00	1,019,983.32
Unrestricted	(1,730,013.36)	16,865.87	(1,713,147.49)
Total net assets	\$ 1,913,052.09	\$ 42,691.99	\$ 1,955,744.08

The accompanying notes to financial statements are an integral part of this statement.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Program Revenues				Net (Expenses) Revenue And Changes In Net Assets		
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 9,174,353.22	\$ 0.00	\$ 852,486.57	\$ 0.00	\$ (8,321,866.65)	\$ 0.00	\$ (8,321,866.65)
Special education	2,447,377.91	0.00	0.00	0.00	(2,447,377.91)	0.00	(2,447,377.91)
Other special instruction	193,616.78	0.00	0.00	0.00	(193,616.78)	0.00	(193,616.78)
Other instruction	1,227,483.84	761,468.89	0.00	0.00	(466,014.95)	0.00	(466,014.95)
Support services:							
Tuition	894,823.20	0.00	0.00	0.00	(894,823.20)	0.00	(894,823.20)
Student and instruction related services	3,084,588.31	0.00	178,090.78	0.00	(2,906,497.53)	0.00	(2,906,497.53)
School administrative services	1,279,476.35	0.00	0.00	0.00	(1,279,476.35)	0.00	(1,279,476.35)
General and business administrative services	1,262,408.88	0.00	0.00	0.00	(1,262,408.88)	0.00	(1,262,408.88)
Plant operations and maintenance	2,732,052.39	0.00	0.00	0.00	(2,732,052.39)	0.00	(2,732,052.39)
Pupil transportation	1,194,498.27	0.00	0.00	0.00	(1,194,498.27)	0.00	(1,194,498.27)
Unallocated benefits	6,198,514.16	0.00	1,926,196.08	0.00	(4,272,318.08)	0.00	(4,272,318.08)
Special schools	2,307.87	0.00	0.00	0.00	(2,307.87)	0.00	(2,307.87)
Interest on long-term debt	39,698.57	0.00	72,108.00	0.00	32,409.43	0.00	32,409.43
Unallocated depreciation	213,586.05	0.00	0.00	0.00	(213,586.05)	0.00	(213,586.05)
Total governmental activities	29,944,785.80	761,468.89	3,028,881.43	0.00	(26,154,435.48)	0.00	(26,154,435.48)
Business-type activities:							
Food service	611,521.29	351,711.74	242,880.13	0.00	0.00	(16,929.42)	(16,929.42)
Total business-type activities	611,521.29	351,711.74	242,880.13	0.00	0.00	(16,929.42)	(16,929.42)
Total primary government	\$ 30,556,307.09	\$ 1,113,180.63	\$ 3,271,761.56	\$ 0.00	(26,154,435.48)	(16,929.42)	(26,171,364.90)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					17,524,062.00	0.00	17,524,062.00
Taxes levied for debt service					212,653.00	0.00	212,653.00
Federal and state aid not restricted					7,914,968.44	0.00	7,914,968.44
State aid restricted					255,526.00	0.00	255,526.00
Tuition					120,125.15	0.00	120,125.15
Transportation					57,110.00	0.00	57,110.00
Investment earnings					9,726.11	0.00	9,726.11
Miscellaneous income					292,267.07	0.00	292,267.07
Fixed asset additions, disposals and prior period adjustments					343,647.08	3,356.61	347,003.69
Compensated absences reduction					280,177.34	0.00	280,177.34
Total general revenues					27,010,262.19	3,356.61	27,013,618.80
Change in net assets					855,826.71	(13,572.81)	842,253.90
Net assets - beginning					1,057,225.38	56,264.80	1,113,490.18
Net assets - ending					\$ 1,913,052.09	\$ 42,691.99	\$ 1,955,744.08

Fund Financial Statements

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	\$ 445,999.57	\$ 0.00	\$ 325,516.00	\$ 1.06	\$ 88,717.81	\$ 860,234.44
Due from other funds	320,100.64	0.00	0.00	0.00	0.00	320,100.64
Receivables from other governments	81,778.78	374,808.88	255,526.00	0.00	0.00	712,113.66
Other	130,700.21	0.00	0.00	0.00	0.00	130,700.21
Restricted cash and cash equivalents	1.00	0.00	0.00	0.00	0.00	1.00
Total assets	\$ 978,580.20	\$ 374,808.88	\$ 581,042.00	\$ 1.06	\$ 88,717.81	\$ 2,023,149.95
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 100,029.43	\$ 10,180.64	\$ 4,036.76	\$ 0.00	\$ 0.00	\$ 114,246.83
Due to other funds	0.00	320,084.08	0.00	0.00	0.00	320,084.08
Construction contracts payable	0.00	0.00	575,660.00	0.00	0.00	575,660.00
Payable to state government	0.00	8,607.80	0.00	0.00	0.00	8,607.80
Deferred revenue	106,519.68	35,936.36	0.00	0.00	0.00	142,456.04
Total liabilities	206,549.11	374,808.88	579,696.76	0.00	0.00	1,161,054.75
Fund balances:						
Nonspendable:						
Permanent fund principal	0.00	0.00	0.00	0.00	88,706.56	88,706.56
Restricted for:						
Capital reserve account	1,096.94	0.00	0.00	0.00	0.00	1,096.94
Excess surplus - current year	96,635.73	0.00	0.00	0.00	0.00	96,635.73
Excess surplus - prior year - designated for subsequent year's expenditures	125,231.52	0.00	0.00	0.00	0.00	125,231.52
Other purposes	0.00	0.00	0.00	0.00	11.25	11.25
Assigned:						
Designated by the BOE for subsequent year's expenditures	571,934.48	0.00	0.00	0.00	0.00	571,934.48
Capital projects fund	0.00	0.00	1,345.24	0.00	0.00	1,345.24
Other purposes	134,089.89	0.00	0.00	0.00	0.00	134,089.89
Unassigned:						
General fund	(156,957.47)	0.00	0.00	0.00	0.00	(156,957.47)
Debt service fund	0.00	0.00	0.00	1.06	0.00	1.06
Total fund balances	772,031.09	0.00	1,345.24	1.06	88,717.81	862,095.20
Total liabilities and fund balances	\$ 978,580.20	\$ 374,808.88	\$ 581,042.00	\$ 1.06	\$ 88,717.81	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$10,564,384.27 and the accumulated depreciation is \$7,247,734.91.

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

Interest on long-term debt in the statement of activities is accrued, regardless of when due

Internal service fund is added in since the academic activities with other LEA's are governmental in nature

3,316,649.36
(2,341,528.00)
(16,256.17)
92,091.70
Net assets of governmental activities \$ 1,913,052.09

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES:						
Local sources:						
Local tax levy	\$ 17,524,062.00	\$ 0.00	\$ 0.00	\$ 212,653.00	\$ 0.00	\$ 17,736,715.00
Tuition	120,125.15	0.00	0.00	0.00	0.00	120,125.15
Transportation	57,110.00	0.00	0.00	0.00	0.00	57,110.00
Interest earned on capital reserve funds	10.00	0.00	0.00	0.00	0.00	10.00
Miscellaneous	301,698.84	28,756.10	0.00	0.00	284.34	330,739.28
Total local sources	18,003,005.99	28,756.10	0.00	212,653.00	284.34	18,244,699.43
State sources	9,711,523.66	130,333.08	255,526.00	72,108.00	0.00	10,169,490.74
Federal sources	50,415.76	950,713.27	0.00	0.00	0.00	1,001,129.03
Total revenues	27,764,945.41	1,109,802.45	255,526.00	284,761.00	284.34	29,415,319.20
EXPENDITURES:						
Current:						
Regular instruction	8,321,866.65	852,486.57	0.00	0.00	0.00	9,174,353.22
Special education instruction	2,447,377.91	0.00	0.00	0.00	0.00	2,447,377.91
Other special instruction	193,616.78	0.00	0.00	0.00	0.00	193,616.78
Other instruction	439,222.71	0.00	0.00	0.00	0.00	439,222.71
Support services and undistributed costs:						
Tuition	894,823.20	0.00	0.00	0.00	0.00	894,823.20
Student and instruction related services	2,906,197.53	178,090.78	0.00	0.00	300.00	3,084,588.31
School administrative services	1,279,476.35	0.00	0.00	0.00	0.00	1,279,476.35
General and business administrative services	1,262,408.88	0.00	0.00	0.00	0.00	1,262,408.88
Plant operations and maintenance	2,732,052.39	0.00	0.00	0.00	0.00	2,732,052.39
Pupil transportation	1,194,498.27	0.00	0.00	0.00	0.00	1,194,498.27
Unallocated benefits	6,119,289.06	79,225.10	0.00	0.00	0.00	6,198,514.16
Special schools	2,307.87	0.00	0.00	0.00	0.00	2,307.87
Debt service:						
Principal	0.00	0.00	0.00	243,850.01	0.00	243,850.01
Interest and other charges	0.00	0.00	0.00	40,910.67	0.00	40,910.67
Capital outlay	337,976.10	0.00	579,696.76	0.00	0.00	917,672.86
Total expenditures	28,131,113.70	1,109,802.45	579,696.76	284,760.68	300.00	30,105,673.59
Excess (deficiency) of revenues over (under) expenditures	(366,168.29)	0.00	(324,170.76)	0.32	(15.66)	(690,354.39)
Other financing sources (uses):						
Transfers in	0.00	0.00	325,516.00	0.00	0.00	325,516.00
Transfers out	(325,516.00)	0.00	0.00	0.00	0.00	(325,516.00)
Total other financing sources (uses)	(325,516.00)	0.00	325,516.00	0.00	0.00	0.00
Net change in fund balances	(691,684.29)	0.00	1,345.24	0.32	(15.66)	(690,354.39)
Fund balance - July 1	1,463,715.38	0.00	0.00	0.74	88,733.47	1,552,449.59
Fund balance - June 30	\$ 772,031.09	\$ 0.00	\$ 1,345.24	\$ 1.06	\$ 88,717.81	\$ 862,095.20

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
For the Fiscal Year Ended June 30, 2011

Total net change in fund balances - governmental funds
(from B-2) \$ (690,354.39)

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	\$ (213,586.05)	
Capital outlays	674,967.93	
Internal service capital outlays	(21,380.70)	
Disposals	(81,913.36)	
Adjustments	415,816.65	773,904.47

Expenditures net of charges for services in the
statement of activities which do not provide current
financial resources and are not reported as
expenditures in the funds. (26,792.24)

Repayment of bond principal is an expenditure
in the governmental funds, but the repayment reduces
long-term liabilities in the statement of net assets
and is not reported in the statement of activities.

Bond principal		243,850.01
Capital lease		270,052.42
Compensated absences		280,177.34

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. 4,989.10

Change in net assets of governmental activities \$ 855,826.71

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business -Type Activities - Enterprise Funds Food Service	Governmental Activities Internal Service Fund
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 4,870.57	\$ 92,350.95
Accounts receivable	13,371.31	0.00
Inventories	10,159.23	0.00
Total current assets	28,401.11	92,350.95
Noncurrent assets:		
Furniture, machinery, and equipment	430,281.24	169,925.21
Less: accumulated depreciation	(404,455.12)	(93,004.05)
Total noncurrent assets	25,826.12	76,921.16
Total assets	\$ 54,227.23	\$ 169,272.11
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 11,535.24	\$ 259.25
Total current liabilities	11,535.24	259.25
Total liabilities	11,535.24	259.25
NET ASSETS:		
Invested in capital assets, net of related debt	25,826.12	76,921.16
Unrestricted	16,865.87	92,091.70
Total net assets	42,691.99	169,012.86
Total liabilities and net assets	\$ 54,227.23	\$ 169,272.11

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
June 30, 2011

	Business -Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>	<u>Governmental Activities</u> <u>Internal Service Fund</u>
OPERATING REVENUES:		
Charges for services:		
Daily sales-reimbursable programs:		
School lunch program	\$ 217,583.60	\$ 0.00
School breakfast program	1,842.40	0.00
Daily sales non-reimbursable programs	123,629.95	0.00
Special functions	8,655.79	0.00
Program fees	0.00	761,468.89
Total operating revenues	<u>351,711.74</u>	<u>761,468.89</u>
OPERATING EXPENSES:		
Cost of sales	255,517.61	0.00
Salaries and employee benefits	292,379.72	557,369.21
Purchased professional/technical services	0.00	6,000.00
Other purchased services	0.00	152,475.65
General supplies	22,068.70	37,662.35
Depreciation	3,555.26	13,595.95
Miscellaneous	38,000.00	34,753.92
Total operating expenses	<u>611,521.29</u>	<u>801,857.08</u>
Operating income (loss)	<u>(259,809.55)</u>	<u>(40,388.19)</u>
NONOPERATING REVENUES (Expenses):		
State sources:		
State school lunch program	6,557.23	0.00
Federal sources:		
National school lunch program	201,778.26	0.00
National school breakfast program	6,590.72	0.00
Food distribution program	27,953.92	0.00
Total nonoperating revenues (expenses)	<u>242,880.13</u>	<u>0.00</u>
Net income (loss) before contributions and transfers	(16,929.42)	(40,388.19)
Transfer in - fixed assets redistributed from general fund	2,901.50	0.00
Gain or (loss) on disposal of fixed assets	455.11	0.00
Change in net assets	<u>(13,572.81)</u>	<u>(40,388.19)</u>
Total net assets - beginning	<u>56,264.80</u>	<u>209,401.05</u>
Total net assets - ending	<u>\$ 42,691.99</u>	<u>\$ 169,012.86</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
June 30, 2011

	Business -Type Activities - Enterprise Funds Food Service	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 391,205.05	\$ 761,468.89
Payments to employees and employee benefits	(292,379.72)	(557,369.21)
Payments to suppliers	(284,275.78)	(239,038.41)
Net cash provided by (used for) operating activities	(185,450.45)	(34,938.73)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	6,957.84	0.00
Federal sources	211,068.27	0.00
Net cash provided by (used for) noncapital financing activities	218,026.11	0.00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(9,885.74)	(21,380.70)
Net cash provided by (used for) capital and related financing activities	(9,885.74)	(21,380.70)
Net increase (decrease) in cash and cash equivalents	22,689.92	(56,319.43)
Balances - beginning of year	(17,819.35)	148,670.38
Balances - end of year	\$ 4,870.57	\$ 92,350.95
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (259,809.55)	\$ (40,388.19)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and net amortization	3,555.26	13,595.95
Food distribution program	27,953.92	0.00
Change in assets and liabilities:		
(Increase) decrease in inventories	31,314.68	0.00
Increase (decrease) in accounts payable	11,535.24	(8,146.49)
Total adjustments	74,359.10	5,449.46
Net cash provided by (used for) operating activities	\$ (185,450.45)	\$ (34,938.73)

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS:		
Cash and cash equivalents	\$ 6,293.54	\$ 293,079.58
Total assets	<u>6,293.54</u>	<u>\$ 293,079.58</u>
LIABILITIES:		
Interfund accounts payable	\$ 0.00	\$ 16.56
Payroll deductions and withholdings	3,436.99	27,231.85
Accrued salaries and wages	0.00	106,452.97
Due to student groups	<u>0.00</u>	<u>159,378.20</u>
Total liabilities	<u>3,436.99</u>	<u>\$ 293,079.58</u>
NET ASSETS:		
Held in trust for unemployment claims and other purposes	<u>\$ 2,856.55</u>	

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Unemployment Compensation Trust Fund	Total
OPERATING REVENUES:		
Deduction from employees' salaries	\$ 36,731.70	\$ 36,731.70
Interest earned	446.32	446.32
Total operating revenues	37,178.02	37,178.02
OPERATING EXPENSES:		
Quarterly contributions reports	10,656.03	10,656.03
Unemployment claims	270,016.44	270,016.44
Penalty	279.15	279.15
Total operating expenses	280,951.62	280,951.62
Operating income (loss)	(243,773.60)	(243,773.60)
Net assets - beginning of year	246,630.15	246,630.15
Net assets - end of year	\$ 2,856.55	\$ 2,856.55

Notes To The Financial Statements

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Pennsville Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the District functions independently through a Board of Education. The Board is comprised of 9 members elected to three-year terms. The purpose of the District is to educate students in grades K - 12. The District had an approximate enrollment at June 30, 2011 of 2,038 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether the organization is legally separate (can sue or be sued in their own name), the District holds the corporate power of the organization, the District appoints a voting majority of the organization's board, the District is able to impose its will on the organization, the organization has the potential to impose a financial benefit/burden on the District, and there is a fiscal dependency by the organization on the District.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government 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. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn is divided into separate "fund types" as follows:

Governmental Funds

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

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

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

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government (other than major capital projects, debt service, or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction, and improvement programs.

Permanent Fund - The permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's program.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Concluded)

Proprietary Funds

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

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

The District's enterprise funds are comprised of the food service fund.

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

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

Food service fund:
Machinery and equipment - 15 years

Internal Service Fund - The Internal Service Fund has been established to account for the county wide programs administrator fees for the school to careers and school to work programs that are funded by every high school district that participates in the county.

Fiduciary Funds

Trust and Agency Funds - The trust and agency funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include the unemployment compensation insurance fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, state equalizations monies, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

G. 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 at stated at cost. All other investments are stated at fair value.

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

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

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

H. Tuition Receivable

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

I. Tuition Payable

Tuition charges for the fiscal years 2010-11 and 2009-10 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Inventories and Prepaid Expenses

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

Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

K. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods and services rendered to/from a particular fund in the District and that are due within one year.

L. Capital Assets

Capital assets purchased or acquired within an original cost of \$2,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

- Buildings - 20-50 years
- Machinery and equipment - 5-10 years
- Improvements - 10-20 years

M. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2011, the amount earned by these employees but not disbursed was \$106,452.97.

N. Compensated Absences

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

O. Deferred Revenue

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

P. Long-Term Debt Obligations

Long-term debt is recorded on the district-wide statement as due within one year and due beyond one year.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

R. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purchases for which both restricted and unrestricted net assets are available.

S. Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by the Board of Education.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

S. Fund Balance (Concluded)

Unassigned

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

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

T. Use of Estimates

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

U. 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. Based on the aforementioned criteria, the School District has no component units.

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 - CASH AND CASH EQUIVALENTS (Concluded)

As of June 30, 2011, the District's bank balances of \$2,218,412.14 were exposed to custodial credit risk as follows:

Insurance	\$ 250,000.00
Uninsured and collateralized with securities held by pledging financial institutions	<u>1,968,412.14</u>
	<u>\$ 2,218,412.14</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Balance as of June 30, 2010	Additions	Disposals	Adjustments	Balance as of June 30, 2011
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Construction in progress	0.00	579,696.76	0.00	0.00	579,696.76
Total capital assets, not being depreciated	<u>0.00</u>	<u>579,696.76</u>	<u>0.00</u>	<u>0.00</u>	<u>579,696.76</u>
Capital assets, being depreciated:					
Site and site improvements	1,229,487.97	0.00	0.00	340,616.90	1,570,104.87
Buildings and building improvements	6,768,318.21	60,012.08	0.00	(18,172.62)	6,810,157.67
Machinery and equipment	1,608,988.64	68,864.27	81,913.36	8,485.42	1,604,424.97
Total at historical cost	<u>9,606,794.82</u>	<u>128,876.35</u>	<u>81,913.36</u>	<u>330,929.70</u>	<u>9,984,687.51</u>
Less accumulated depreciation:					
Site and site improvements	(92,889.14)	(79,600.03)	0.00	(51,271.07)	(223,760.24)
Buildings and building improvements	(5,864,178.43)	(68,671.37)	0.00	31,509.99	(5,901,339.81)
Machinery and equipment	(1,128,363.06)	(65,314.65)	0.00	71,042.85	(1,122,634.86)
Total accumulated depreciation	<u>(7,085,430.63)</u>	<u>(213,586.05)</u>	<u>0.00</u>	<u>51,281.77</u>	<u>(7,247,734.91)</u>
Total capital assets, being depreciated, net	<u>2,521,364.19</u>	<u>(84,709.70)</u>	<u>81,913.36</u>	<u>382,211.47</u>	<u>2,736,952.60</u>
Governmental activities capital assets, net	<u>\$ 2,521,364.19</u>	<u>\$ 494,987.06</u>	<u>\$ 81,913.36</u>	<u>\$ 382,211.47</u>	<u>\$ 3,316,649.36</u>
Business-type activities:					
Capital assets, being depreciated:					
Machinery and equipment	\$ 428,444.00	\$ 9,885.74	\$ 10,950.00	\$ 2,901.50	\$ 430,281.24
Less accumulated depreciation	<u>(412,304.97)</u>	<u>(3,555.26)</u>	<u>0.00</u>	<u>11,405.11</u>	<u>(404,455.12)</u>
Business-type activities capital assets, net	<u>\$ 16,139.03</u>	<u>\$ 6,330.48</u>	<u>\$ 10,950.00</u>	<u>\$ 14,306.61</u>	<u>\$ 25,826.12</u>

Depreciation expense in the amount of \$213,586.05 was charged to governmental functions as follows:

Unallocated	\$ 213,586.05
Total depreciation expense	<u>\$ 213,586.05</u>

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of the fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Total
State	\$ 81,778.78	\$ 0.00	\$ 255,526.00	\$ 422.99	\$ 337,727.77
Federal	0.00	374,212.14	0.00	12,948.32	387,160.46
Other	130,700.21	596.74	0.00	0.00	131,296.95
Total	\$ 212,478.99	\$ 374,808.88	\$ 255,526.00	\$ 13,371.31	\$ 856,185.18

NOTE 5 - GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the general long-term debt account group:

	Principal Outstanding June 30, 2010	Additions	Reductions	Principal Outstanding June 30, 2011	Amounts Due Within One Year
Small project loan	\$ 816,384.67	\$ 0.00	\$ 190,801.62	\$ 625,583.05	\$ 199,265.43
Safe program	212,193.62	0.00	53,048.39	159,145.23	53,048.39
Obligation under capital lease	270,052.42	0.00	270,052.42	0.00	0.00
Compensated absences payable	1,836,977.06	0.00	280,177.34	1,556,799.72	0.00
Total	\$ 3,135,607.77	\$ 0.00	\$ 794,079.77	\$ 2,341,528.00	\$ 252,313.82

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 - GENERAL LONG-TERM DEBT (Concluded)

A. Bonds Payable

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

On August 18, 1993, the School District issued \$3,023,759.00 in general obligation bonds at 5.288% for a small project. The final maturity of the bonds is 2013. Also on August 18, 1993, the School District issued \$1,007,920.00 in general obligation bonds at 1.5% for a safe program. The final maturity of the bonds is 2013.

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

	Principal	Interest	Total
Year ending June 30,			
2012	\$ 252,313.82	\$ 29,801.58	\$ 282,115.40
2013	261,423.77	18,227.82	279,651.59
2014	270,990.69	6,160.26	277,150.95
	\$ 784,728.28	\$ 54,189.66	\$ 838,917.94

At June 30, 2011, bonds payable consisted of the following individual issues:

Purpose	Maturities	Interest Rate	Balance
Small project loan	7/15/10-7/15/13	5.288%	\$ 625,583.05
Safe program	7/15/10-7/15/13	1.500%	159,145.23
			\$ 784,728.28

B. Bonds Authorized But Not Issued

As of June 30, 2011, the District had no authorized but not issued bonds.

C. Capital Leases

As of June 30, 2011, the District had paid off in 2010-11 a capital lease outstanding for the installation of a photovoltaic electric power generating system with an original amount of \$838,000.00.

D. Temporary Notes Payable

As of June 30, 2011, the District had no temporary notes payable.

E. Interest Expense

No interest expense was capitalized during the fiscal year ending June 30, 2011. Interest expense totaling \$40,910.67 was paid by the debt service fund for the fiscal year ending June 30, 2011.

F. Compensated Absences

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 - PENSION PLANS

Description of Plans

Substantially all of the School District's employees participate in one of the following pension plans which have been established by state statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), or the Defined Contribution Retirement Program (DCRP). The TPAF and PERS are defined benefit pension plans while the DCRP is a defined contribution pension plan. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, Post Office Box 295, Trenton, New Jersey 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

The School District is billed annually for its normal contribution plus any accrued liability.

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

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid By District</u>
2011	\$ 146,416.00	\$ 194,912.00	\$ 341,328.00	\$ 341,328.00
2010	131,864.00	128,662.00	260,526.00	260,526.00
2009		Not Available		

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 - PENSION PLANS (Concluded)

Public Employees' Retirement System (PERS) Payment Deferral

On March 17, 2009, P.L. 2009, c. 19 (S-21) was signed into legislation and provided regular and vocational school districts the option of deferring fifty percent (50%) of the school district's 2008-09 regular PERS pension liability. School districts that elected to defer the pension liability are required to begin repaying the deferred amount over fifteen (15) years, starting in April of 2012. The amount to be paid will fluctuate based on the pension system investment earnings on the unfunded liability. At any time, however, upon requesting a pay off amount from the Division of Pensions and Benefits, a school district may pay off the deferred amount. The deferral of the aforementioned PERS payment is only an option for the 2008-09 fiscal year. Commencing in fiscal year 2010 and beyond, the full annual PERS pension liability will be required to be budgeted and paid.

The School District adopted a resolution electing to defer fifty percent (50%) of the April 2009 payment, equaling a total deferral of \$97,567.00. The following is the 2011-12 payment of the PERS deferral, based on the billing received to date. N.J.S.A. 43:15A-24b requires the use of "regular interest" when the actuary calculates the amortization of the unfunded accrued liability of the pension system, which is set by the State Treasurer (N.J.S.A. 43:15A-6n).

	<u>Deferral Payment</u>	<u>Interest</u>	<u>Total Projected Payment</u>
Year ending June 30, 2012	\$ 4,246.00	\$ 9,699.00	\$ 13,945.00

NOTE 7 - POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c. 6 required TPAF and 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. 2207, 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 repayment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c. 126, which provides free health benefits to member of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

NOTE 8 - ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2011, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement costs were \$40,933.00 and \$869,429.00, respectively.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 9 - COMPENSATED ABSENCES

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation at their current rate of pay. Payment for accumulated sick days is available to employees only when they reach the statutory retirement requirements and have 10 years of service with the School District. Accumulated sick days are paid at one day's salary for every four days of accumulated sick days up to a total of \$30,000.00 and \$20,000.00 maximum for certified employees and non-certified employees, respectively.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the proprietary fund types.

NOTE 10 - DEFERRED COMPENSATION

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

The Legend Group Financial Services
MetLife
Lincoln Investments
Putnam Investments
Equitable
Valic

NOTE 11 - RISK MANAGEMENT

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

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 11 - RISK MANAGEMENT (Concluded)

The District participates in the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund (GCSSDJIF), public entity risk pool. Coverage under this joint plan offers workers' compensation, boiler and machinery, automobile liability, general liability, property, crime and school board legal liability coverage. The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies. No contingency provision has been made in these financial statements as no deficiencies occurred as of June 30, 2011 for the joint insurance pool. As of December 31, 2010, the fund had a projected surplus of \$1,671,064.00 of which the District has a share in the amount of \$150,954.00.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 446.32	\$ 36,731.70	\$ 280,951.62	\$ 2,856.55
2009-2010	\$ 1,150.98	\$ 39,974.32	\$ 97,916.13	\$ 246,630.15
2008-2009	\$ 3,964.02	\$ 40,514.25	\$ 33,328.92	\$ 303,420.98

NOTE 12 - INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund balances at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund:		
Special revenue fund	\$ 320,084.08	\$ -
Agency fund	16.56	-
Special revenue fund:		
General fund	-	320,084.08
Agency fund:		
General fund	-	16.56
	<u>\$ 320,100.64</u>	<u>\$ 320,100.64</u>

NOTE 13 - FUND BALANCE APPROPRIATED

The School District has classified its fund balances with the following hierarchy:

Nonspendable

As of June 30, 2011, the balance in the permanent fund account is \$88,706.56.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 13 - FUND BALANCE APPROPRIATED (Concluded)

Spendable

The School District has classified the spendable fund balances as Restricted, Assigned, and Unassigned and considered each to have been spent when expenditures are incurred. The School District currently has no funds classified as Committed.

Restricted

Capital reserve - As of June 30, 2011, the balance in the capital reserve account is \$1,096.94 which is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

Excess surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance as of June 30, 2011 is \$221,867.25. Of this, \$125,231.52 of excess fund balance, which was generated during 2009-10, has been restricted and designated for utilization in the 2011-12 budget.

Capital project fund - On August 23, 2010, the School District's Board adopted a resolution authorizing the roof replacement of Penn Beach School. As of June 30, 2011, the restricted fund balance amount was \$1,345.24.

Other purposes - The spendable portion of the permanent fund was \$11.25 as of June 30, 2011.

Assigned

Designated by the Board of Education for subsequent year's expenditures - The School District has appropriated and included as anticipated revenue for the fiscal year ending June 30, 2012 \$571,934.48 of general fund balance at June 30, 2011.

Other purposes - As of June 30, 2011, the School District had \$134,089.89 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Unassigned

This the remainder of the School District's equity in the governmental fund types. The total balance is (\$156,956.41) as of June 30, 2011. This is comprised of (\$156,957.47) in the general fund and \$1.06 in the debt service fund.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 14 - DEFICIT FUND BALANCES

The District has a deficit fund balance of \$156,957.47 in the General Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district can not recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing differences of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's deficit in the GAAP funds statements of (\$156,957.47) is equal to the last two state aid payments.

NOTE 15 - CAPITAL RESERVE ACCOUNT

Funds placed in the Capital Reserve Account are restricted to capital outlay expenditures and transfers of such funds for other uses are prohibited pursuant to N.J.S.A. 18A:22-8.2. Funds withdrawn from the account must be included in the annual budget certified for taxes as a revenue labeled "withdrawal from capital reserve". Increases in the account from sources other than investment income cannot exceed the amount appropriated in the annual budget certified for taxes as an increase in the Capital Reserve Account.

The 2009-10 budget budgeted \$10.00 as revenue to the capital reserve account to be utilized in the capital projects fund; leaving a balance of \$1,096.94 in the capital reserve account as of June 30, 2011.

NOTE 16 - CAPITAL PROJECTS FUND TRANSFER

The School District transferred funds from the general fund into the capital projects fund in April 2011. These funds were transferred out the existing general fund budget. The transfer of \$325,516.00 was for the School's share of the roof replacement of Penn Beach School project. The transfer is appropriately reported as an operating transfer in/out on Exhibit B-2.

NOTE 17 - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 30, 2011, the date which the financial statements were available to be issued.

Required Supplementary Information - Part II

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	\$ 17,524,062.00	\$ 0.00	\$ 17,524,062.00	\$ 17,524,062.00	\$ 0.00
Tuition	2,190.00	0.00	2,190.00	120,125.15	117,935.15
Transportation	25,000.00	0.00	25,000.00	57,110.00	32,110.00
Interest earned on capital reserve funds	10.00	0.00	10.00	10.00	0.00
Miscellaneous	118,395.00	0.00	118,395.00	301,698.84	183,303.84
Total local sources	17,669,657.00	0.00	17,669,657.00	18,003,005.99	333,348.99
State sources:					
Equalization aid	6,776,527.00	0.00	6,776,527.00	6,776,527.00	0.00
Categorical special education aid	924,480.00	0.00	924,480.00	924,480.00	0.00
Extraordinary aid	0.00	0.00	0.00	31,236.00	31,236.00
Other state aid	0.00	0.00	0.00	5,405.68	5,405.68
On-behalf T.P.A.F. pension contributions (non-budgeted)	0.00	0.00	0.00	910,362.00	910,362.00
Reimbursed T.P.A.F. social security contributions (non-budgeted)	0.00	0.00	0.00	936,608.98	936,608.98
Total state sources	7,701,007.00	0.00	7,701,007.00	9,584,619.66	1,883,612.66
Federal sources:					
Medical reimbursement	39,425.00	0.00	39,425.00	50,415.76	10,990.76
Total federal sources	39,425.00	0.00	39,425.00	50,415.76	10,990.76
Total revenues	25,410,089.00	0.00	25,410,089.00	27,638,041.41	2,227,952.41

**EXHIBIT C-1
(Continued)**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund**

For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 165,141.00	\$ 276,933.80	\$ 442,074.80	\$ 440,854.80	\$ 1,220.00
Grades 1-5	2,548,440.00	(55.98)	2,548,384.02	2,546,155.62	2,228.40
Grades 6-8	1,672,202.00	143,067.10	1,815,269.10	1,787,719.68	27,549.42
Grades 9-12	2,602,467.00	232,999.78	2,835,466.78	2,833,331.22	2,135.56
Home instruction:					
Salaries of teachers	15,000.00	5,756.05	20,756.05	20,756.05	0.00
Regular programs - undistributed instruction:					
Purchased professional/educational services	11,225.00	(7,980.00)	3,245.00	3,245.00	0.00
Other purchased services	122,380.00	(21,658.82)	100,721.18	86,759.87	13,961.31
General supplies	391,638.00	116,422.44	508,060.44	479,890.21	28,170.23
Textbooks	182,886.00	(62,376.43)	120,509.57	112,087.20	8,422.37
Other objects	12,003.00	(136.29)	11,866.71	11,067.00	799.71
Total regular programs	7,723,382.00	682,971.65	8,406,353.65	8,321,866.65	84,487.00
Special education:					
Learning and/or language disabilities:					
Salaries of teachers	170,603.00	(75,782.85)	94,820.15	92,818.68	2,001.47
Other salaries for instruction	110,886.00	7,377.00	118,263.00	116,458.04	1,804.96
General supplies	6,750.00	(3,159.78)	3,590.22	2,077.12	1,513.10
Textbooks	1,444.00	3,007.46	4,451.46	4,451.45	0.01
Total learning and/or language disabilities	289,683.00	(68,558.17)	221,124.83	215,805.29	5,319.54

**EXHIBIT C-1
(Continued)**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Behavioral disabilities:					
Salaries of teachers	\$ 57,517.00	\$ 0.00	\$ 57,517.00	\$ 57,517.00	\$ 0.00
General supplies	5,100.00	(5,100.00)	0.00	0.00	0.00
Textbooks	1,700.00	(1,700.00)	0.00	0.00	0.00
Total resource room - instruction	64,317.00	(6,800.00)	57,517.00	57,517.00	0.00
Multiple disabilities:					
Salaries of teachers	39,532.00	0.00	39,532.00	37,395.92	2,136.08
General supplies	1,975.00	0.00	1,975.00	837.31	1,137.69
Total multiple disabilities	41,507.00	0.00	41,507.00	38,233.23	3,273.77
Resource room - instruction:					
Salaries of teachers	1,420,036.00	170,223.60	1,590,259.60	1,590,259.60	0.00
Other salaries for instruction	383,614.00	27,919.22	411,533.22	411,533.22	0.00
General supplies	18,921.00	(6,475.01)	12,445.99	12,445.99	0.00
Textbooks	16,079.00	(8,939.91)	7,139.09	7,139.09	0.00
Total resource room - instruction	1,838,650.00	182,727.90	2,021,377.90	2,021,377.90	0.00
Preschool disabilities - part-time:					
Salaries of teachers	97,632.00	(18,393.60)	79,238.40	79,238.40	0.00
Other salaries for instruction	94,786.00	(46,023.44)	48,762.56	34,124.98	14,637.58
General supplies	2,400.00	(1,153.59)	1,246.41	1,081.11	165.30
Total preschool disabilities - part-time	194,818.00	(65,570.63)	129,247.37	114,444.49	14,802.88
Total special education	2,428,975.00	41,799.10	2,470,774.10	2,447,377.91	23,396.19

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 97,895.00	\$ 46,714.16	\$ 144,609.16	\$ 134,389.18	\$ 10,219.98
Other purchased services	450.00	0.00	450.00	0.00	450.00
General supplies	13,747.00	0.00	13,747.00	10,650.29	3,096.71
Total basic skills/remedial - instruction	112,092.00	46,714.16	158,806.16	145,039.47	13,766.69
Bilingual education - instruction:					
Salaries of teachers	69,053.00	(21,099.08)	47,953.92	47,953.92	0.00
General supplies	1,026.00	(10.00)	1,016.00	528.39	487.61
Textbooks	250.00	0.00	250.00	0.00	250.00
Other objects	85.00	10.00	95.00	95.00	0.00
Total bilingual education - instruction	70,414.00	(21,099.08)	49,314.92	48,577.31	737.61
School sponsored cocurricular/extra-curricular activities - instruction:					
Salaries	80,820.00	(6,846.17)	73,973.83	60,871.87	13,101.96
Transfers to cover deficit in agency funds	16,410.00	0.00	16,410.00	14,426.69	1,983.31
Total school sponsored cocurricular/extra- curricular activities - instruction	97,230.00	(6,846.17)	90,383.83	75,298.56	15,085.27
School sponsored athletics - instruction:					
Salaries	238,268.00	(7,959.47)	230,308.53	229,852.88	455.65
Purchased services	62,379.00	(9,236.27)	53,142.73	47,280.26	5,862.47
Supplies and materials	54,755.00	15,425.69	70,180.69	68,578.51	1,602.18
Other objects	22,200.00	(3,987.50)	18,212.50	18,212.50	0.00
Total school sponsored athletics	377,602.00	(5,757.55)	371,844.45	363,924.15	7,920.30
Total instruction	10,809,695.00	737,782.11	11,547,477.11	11,402,084.05	145,393.06

EXHIBIT C-1
(Continued)

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Undistributed expenditures:					
Instruction:					
Tuition to county special services and regional day schools	\$ 150,900.00	\$ 218,741.54	\$ 369,641.54	\$ 327,292.17	\$ 42,349.37
Tuition to other LEA's within the state - special	24,722.00	2,305.05	27,027.05	27,027.05	0.00
Tuition to county special services and regional day schools	191,383.00	(67,740.99)	123,642.01	116,376.22	7,265.79
Tuition to private schools for the handicapped - special within the state	616,812.00	(259,103.63)	357,708.37	283,660.76	74,047.61
Tuition to state facilities	140,467.00	0.00	140,467.00	140,467.00	0.00
Total instruction	1,124,284.00	(105,798.03)	1,018,485.97	894,823.20	123,662.77
Attendance and social work services:					
Salaries	45,330.00	8,711.03	54,041.03	54,041.03	0.00
Total attendance and social work services	45,330.00	8,711.03	54,041.03	54,041.03	0.00
Health services:					
Salaries	347,992.00	50,672.44	398,664.44	398,664.44	0.00
Purchased professional and technical services	18,000.00	0.00	18,000.00	15,280.20	2,719.80
Supplies and materials	9,614.00	(1,300.31)	8,313.69	7,287.54	1,026.15
Other objects	500.00	(331.50)	168.50	168.50	0.00
Total health services	376,106.00	49,040.63	425,146.63	421,400.68	3,745.95

**EXHIBIT C-1
(Continued)**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Speech, OT, PT and related services:					
Salaries	\$ 257,208.00	\$ 19,428.62	\$ 276,636.62	\$ 274,422.34	\$ 2,214.28
Purchased professional educational services	147,906.00	3,234.77	151,140.77	143,019.77	8,121.00
Other objects	300.00	0.00	300.00	0.00	300.00
Total speech, OT, PT and related services	405,414.00	22,663.39	428,077.39	417,442.11	10,635.28
Special education - extraordinary services:					
Salaries	87,737.00	(8,756.41)	78,980.59	77,210.37	1,770.22
Purchased professional educational services	178,676.00	(44,751.32)	133,924.68	109,528.82	24,395.86
Total special education - extraordinary services	266,413.00	(53,507.73)	212,905.27	186,739.19	26,166.08
Guidance:					
Salaries of other professional staff	423,658.00	36,916.75	460,574.75	459,977.65	597.10
Salaries of secretarial and clerical assistants	51,321.00	6,127.63	57,448.63	57,448.63	0.00
Other purchased professional and technical services	590.00	5.00	595.00	595.00	0.00
Other purchased services	700.00	1,060.22	1,760.22	1,666.01	94.21
Supplies and materials	10,709.00	(2,290.95)	8,418.05	8,418.05	0.00
Other objects	1,130.00	0.00	1,130.00	880.00	250.00
Total guidance	488,108.00	41,818.65	529,926.65	528,985.34	941.31

**EXHIBIT C-1
(Continued)**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Child study teams:					
Salaries of other professional staff	\$ 346,645.00	\$ 14,060.49	\$ 360,705.49	\$ 360,705.49	\$ 0.00
Salaries of secretarial and clerical assistants	81,879.00	5,128.26	87,007.26	87,007.26	0.00
Other salaries	36,005.00	(409.44)	35,595.56	35,595.56	0.00
Other purchased professional and technical services	15,000.00	(10,282.50)	4,717.50	4,717.50	0.00
Miscellaneous purchased services	4,300.00	2,985.61	7,285.61	6,911.68	373.93
Supplies and materials	18,500.00	(3,761.08)	14,738.92	14,584.95	153.97
Other objects	2,550.00	(1,892.28)	657.72	502.00	155.72
Total child study teams	504,879.00	5,829.06	510,708.06	510,024.44	683.62
Improvement of instruction services:					
Salaries of supervisors of instruction	116,697.00	(3,767.73)	112,929.27	112,929.27	0.00
Salaries of other professional staff	207,075.00	44,821.21	251,896.21	251,896.21	0.00
Salaries of secretarial and clerical assistants	64,898.00	1,855.72	66,753.72	66,753.72	0.00
Purchased professional educational services	0.00	1,635.35	1,635.35	1,635.35	0.00
Other purchased professional and technical services	12,000.00	(1,933.78)	10,066.22	9,634.66	431.56
Other purchased services	4,000.00	(1,938.19)	2,061.81	99.95	1,961.86
Supplies and materials	14,271.00	(4,990.69)	9,280.31	8,265.24	1,015.07
Other objects	2,425.00	1,949.86	4,374.86	4,039.94	334.92
Total improvement of instruction services	421,366.00	37,631.75	458,997.75	455,254.34	3,743.41

**EXHIBIT C-1
(Continued)**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Educational media services/school library:					
Salaries	\$ 281,555.00	\$ 12,238.32	\$ 293,793.32	\$ 293,776.90	\$ 16.42
Purchased professional and technical services	8,900.00	(808.00)	8,092.00	8,092.00	0.00
Other purchased services	12,250.00	(4,053.96)	8,196.04	8,049.99	146.05
Supplies and materials	19,084.00	3,686.23	22,770.23	22,341.51	428.72
Other objects	90.00	0.00	90.00	50.00	40.00
Total educational media services/school library	321,879.00	11,062.59	332,941.59	332,310.40	631.19

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Support services - general administration:					
Salaries	\$ 211,844.00	\$ (4,069.97)	\$ 207,774.03	\$ 207,774.03	\$ 0.00
Legal services	50,000.00	63,655.33	113,655.33	113,654.94	0.39
Audit fees	20,500.00	(2,000.00)	18,500.00	18,500.00	0.00
Other purchased professional services	46,000.00	(7,990.29)	38,009.71	38,009.71	0.00
Communications/telephone	108,100.00	2,606.42	110,706.42	110,706.42	0.00
BOE other purchased services	1,500.00	(1,454.13)	45.87	45.87	0.00
Other purchased services	110,000.00	(18,243.33)	91,756.67	91,575.32	181.35
General supplies	13,303.00	(4,645.46)	8,657.54	8,657.54	0.00
BOE in-house training/meeting supplies	2,125.00	1,167.87	3,292.87	3,292.87	0.00
Judgments against the school district	0.00	450.00	450.00	450.00	0.00
Miscellaneous expenditures	1,812.00	2,755.50	4,567.50	4,567.50	0.00
BOE membership dues/fees	15,000.00	(860.60)	14,139.40	14,139.40	0.00
Total support services - general administration	580,184.00	31,371.34	611,555.34	611,373.60	181.74
Support services - school administration:					
Salaries of principals/assistant principals	597,000.00	12,084.25	609,084.25	609,070.10	14.15
Salaries of other professional staff	169,739.00	11,906.33	181,645.33	181,645.33	0.00
Salaries of secretarial and clerical assistants	361,965.00	100,417.81	462,382.81	462,379.10	3.71
Other purchased services	6,000.00	(1,677.19)	4,322.81	3,322.81	1,000.00
Supplies and materials	20,985.00	2,292.15	23,277.15	23,009.01	268.14
Other objects	690.00	(583.00)	107.00	50.00	57.00
Total support services - school administration	1,156,379.00	124,440.35	1,280,819.35	1,279,476.35	1,343.00

**EXHIBIT C-1
(Continued)**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Central services:					
Salaries	\$ 312,399.00	\$ 17,331.21	\$ 329,730.21	\$ 329,730.21	\$ 0.00
Purchased technical services	4,000.00	(716.14)	3,283.86	25.00	3,258.86
Miscellaneous purchased services	42,100.00	(19,013.12)	23,086.88	19,992.71	3,094.17
Supplies and materials	7,225.00	309.64	7,534.64	7,534.64	0.00
Interest- current loans	2,000.00	(1,865.12)	134.88	0.00	134.88
Other objects	1,399.00	156.00	1,555.00	1,555.00	0.00
Total central services	369,123.00	(3,797.53)	365,325.47	358,837.56	6,487.91
Administrative information technology:					
Salaries	279,377.00	12,820.72	292,197.72	292,197.72	0.00
Total administrative information technology	279,377.00	12,820.72	292,197.72	292,197.72	0.00
Required maintenance for school facilities:					
Cleaning, repair, and maintenance services	137,408.00	158,174.85	295,582.85	280,203.85	15,379.00
General supplies	45,802.00	(29,835.31)	15,966.69	15,897.19	69.50
Total required maintenance for school facilities	183,210.00	128,339.54	311,549.54	296,101.04	15,448.50

**EXHIBIT C-1
(Continued)**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Custodial services:					
Salaries	\$ 328,717.00	\$ 114,723.41	\$ 443,440.41	\$ 443,440.41	\$ 0.00
Purchased professional and technical services	1,072,124.00	(70,153.82)	1,001,970.18	1,000,470.18	1,500.00
Cleaning, repair, and maintenance services	135,380.00	29,712.93	165,092.93	149,192.93	15,900.00
Other purchased property services	64,000.00	(14,645.66)	49,354.34	49,354.34	0.00
Insurance	103,400.00	(2,705.00)	100,695.00	100,695.00	0.00
Miscellaneous purchased services	3,200.00	732.11	3,932.11	3,932.11	0.00
General supplies	145,000.00	76,901.51	221,901.51	199,460.31	22,441.20
Energy (heat and electricity)	730,947.00	(241,407.77)	489,539.23	489,406.07	133.16
Total custodial services	<u>2,582,768.00</u>	<u>(106,842.29)</u>	<u>2,475,925.71</u>	<u>2,435,951.35</u>	<u>39,974.36</u>
Student transportation services:					
Aid in lieu- nonpublic	30,000.00	(8,739.81)	21,260.19	21,260.19	0.00
Contracted services (between home and school) - vendors	725,341.00	(24,214.51)	701,126.49	701,126.49	0.00
Contracted services (other than between home and school) - vendors	98,740.00	(18,108.00)	80,632.00	80,632.00	0.00
Contracted services (special education) - joint agreements	0.00	7,504.09	7,504.09	7,504.09	0.00
Contracted services - (regular students) ESC's and CTSA's	116,750.00	(41,558.31)	75,191.69	75,191.69	0.00
Contracted services - (special education) ESC's and CTSA's	340,250.00	(31,466.19)	308,783.81	308,783.81	0.00
Total student transportation services	<u>1,311,081.00</u>	<u>(116,582.73)</u>	<u>1,194,498.27</u>	<u>1,194,498.27</u>	<u>0.00</u>

**EXHIBIT C-1
(Continued)**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Unallocated benefits:					
Social security contributions	\$ 198,970.00	\$ (6,369.45)	\$ 192,600.55	\$ 192,600.55	\$ 0.00
Other retirement contributions - regular	234,679.00	150,995.10	385,674.10	385,674.10	0.00
Unemployment	0.00	22,677.22	22,677.22	22,677.22	0.00
Workmen's compensation	137,330.00	3,638.00	140,968.00	140,967.00	1.00
Health benefits	3,992,419.00	(477,838.16)	3,514,580.84	3,487,574.59	27,006.25
Tuition reimbursement	45,000.00	0.00	45,000.00	31,118.70	13,881.30
Other employee benefits	30,000.00	(10,000.00)	20,000.00	11,705.92	8,294.08
Total unallocated benefits	<u>4,638,398.00</u>	<u>(316,897.29)</u>	<u>4,321,500.71</u>	<u>4,272,318.08</u>	<u>49,182.63</u>
On-behalf T.P.A.F. pension contributions (non-budgeted)	0.00	0.00	0.00	910,362.00	(910,362.00)
Reimbursed T.P.A.F. social security contributions (non-budgeted)	0.00	0.00	0.00	936,608.98	(936,608.98)
Total undistributed expenditures	<u>15,054,299.00</u>	<u>(229,696.55)</u>	<u>14,824,602.45</u>	<u>16,388,745.68</u>	<u>(1,564,143.23)</u>
Total expenditures - current expense	<u>25,863,994.00</u>	<u>508,085.56</u>	<u>26,372,079.56</u>	<u>27,790,829.73</u>	<u>(1,418,750.17)</u>

**EXHIBIT C-1
(Continued)**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
CAPITAL OUTLAY:					
Interest deposit to capital reserve	\$ 10.00	\$ 0.00	\$ 10.00	\$ 0.00	\$ 10.00
Equipment:					
Instruction	0.00	22,379.40	22,379.40	0.00	22,379.40
Operation/maintenance of plant	243,251.00	66,657.94	309,908.94	302,087.02	7,821.92
Total equipment	243,251.00	89,037.34	332,288.34	302,087.02	30,201.32
Facilities acquisition and construction services:					
Other purchased professional and technical services	0.00	32,112.08	32,112.08	32,112.08	0.00
Construction services	0.00	278,231.00	278,231.00	0.00	278,231.00
Other objects	0.00	3,777.00	3,777.00	3,777.00	0.00
Total facilities acquisition and construction services	0.00	314,120.08	314,120.08	35,889.08	278,231.00
Total capital outlay	243,261.00	403,157.42	646,418.42	337,976.10	308,442.32

**EXHIBIT C-1
(Continued)**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Accredited evening/adult high school/post graduate:					
Instruction:					
Salaries of teachers	\$ 0.00	\$ 890.98	\$ 890.98	\$ 890.98	\$ 0.00
General supplies	0.00	453.47	453.47	0.00	453.47
Support services:					
Salaries	0.00	1,416.89	1,416.89	1,416.89	0.00
Total accredited evening/adult high school/post graduate	0.00	2,761.34	2,761.34	2,307.87	453.47
Total expenditures	26,107,255.00	914,004.32	27,021,259.32	28,131,113.70	(1,109,854.38)
Excess (deficiency) of revenues over (under) expenditures	(697,166.00)	(914,004.32)	(1,611,170.32)	(493,072.29)	1,118,098.03
Other financing sources (uses):					
Operating transfers in/out:					
Transfer to capital projects fund	0.00	0.00	0.00	(325,516.00)	325,516.00
Total other financing sources (uses)	0.00	0.00	0.00	(325,516.00)	325,516.00

**EXHIBIT C-1
(Concluded)**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (697,166.00)	\$ (914,004.32)	\$ (1,611,170.32)	\$ (818,588.29)	\$ 792,582.03
Fund balances - July 1	2,309,901.38	0.00	2,309,901.38	2,309,901.38	0.00
Fund balances - June 30	\$ 1,612,735.38	\$ (914,004.32)	\$ 698,731.06	\$ 1,491,313.09	\$ 792,582.03
Recapitulation:					
Restricted fund balance:					
Capital reserve				\$ 1,096.94	
Excess surplus - designated for subsequent year's expenditures				125,231.52	
Excess surplus - current year				96,635.73	
Assigned fund balance:					
Designated for subsequent year's expenditures				571,934.48	
Year-end encumbrances				134,089.89	
Unassigned fund balance				562,324.53	
				<u>1,491,313.09</u>	
Reconciliation to governmental funds statements (GAAP):					
Last two state aid payment not recognized on GAAP basis				(719,282.00)	
				<u>\$ 772,031.09</u>	

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual (Budgetary Basis)	Variance Final To Actual Favorable (Unfavorable)
REVENUES:					
State sources	\$ 87,558.00	\$ 54,350.93	\$ 141,908.93	\$ 130,333.08	\$ (11,575.85)
Federal sources	707,792.00	549,570.04	1,257,362.04	978,473.61	(278,888.43)
Local sources	0.00	38,523.79	38,523.79	28,756.10	(9,767.69)
Total revenues	795,350.00	642,444.76	1,437,794.76	1,137,562.79	(300,231.97)
EXPENDITURES:					
Instruction:					
Salaries of teachers	159,193.00	96,719.00	255,912.00	255,911.90	0.10
Secretarial/clerical salaries	0.00	2,374.90	2,374.90	2,362.50	12.40
Other instructional salaries	18,875.00	13,591.22	32,466.22	25,325.00	7,141.22
Purchased professional/technical services	92,613.00	(69,435.96)	23,177.04	23,177.04	0.00
Other purchased services	478,740.00	(472,114.90)	6,625.10	6,625.10	0.00
Textbooks	0.00	7,219.00	7,219.00	7,073.38	145.62
General supplies	0.00	203,481.05	203,481.05	101,693.32	101,787.73
Tuition	0.00	508,367.00	508,367.00	457,366.28	51,000.72
Total instruction	749,421.00	290,201.31	1,039,622.31	879,534.52	160,087.79

**EXHIBIT C-2
(Concluded)**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual (Budgetary Basis)	Variance Final To Actual Favorable (Unfavorable)
Support services:					
Salaries	\$ 0.00	\$ 104,539.96	\$ 104,539.96	\$ 48,047.00	\$ 56,492.96
Employee benefits	33,282.00	47,437.10	80,719.10	79,225.10	1,494.00
Purchased education services	0.00	92,362.15	92,362.15	90,603.97	1,758.18
Purchased technical services	0.00	84,626.63	84,626.63	12,259.27	72,367.36
Other purchased services	0.00	18,607.55	18,607.55	12,866.55	5,741.00
Communications/telephone	0.00	1,305.66	1,305.66	200.00	1,105.66
Contracted services	0.00	6,074.00	6,074.00	6,074.00	0.00
Travel	0.00	1,429.48	1,429.48	648.00	781.48
Supplies	12,647.00	(4,690.26)	7,956.74	7,553.20	403.54
Other objects	0.00	551.18	551.18	551.18	0.00
Total support services	45,929.00	352,243.45	398,172.45	258,028.27	140,144.18
Total expenditures	795,350.00	642,444.76	1,437,794.76	1,137,562.79	300,231.97
Excess (deficiency) of revenues over (under) expenditures	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Notes To The Required Supplementary Information

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note To Required Supplementary Information
For the Fiscal Year Ended June 30, 2011

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	\$ 27,638,041.41	\$ 1,137,562.79
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	0.00	(27,760.34)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements:		
2009-10	846,186.00	0.00
2010-11	(719,282.00)	0.00
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 27,764,945.41	\$ 1,109,802.45
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 28,131,113.70	\$ 1,137,562.79
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	0.00	(27,760.34)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 28,131,113.70	\$ 1,109,802.45

Other Supplementary Information

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Federal	State	Local	Total
REVENUES:				
State sources	\$ 0.00	\$ 130,333.08	\$ 0.00	\$ 130,333.08
Federal sources	978,473.61	0.00	0.00	978,473.61
Local sources	0.00	0.00	28,756.10	28,756.10
Total revenues	978,473.61	130,333.08	28,756.10	1,137,562.79
EXPENDITURES:				
Instruction:				
Salaries of teachers	251,449.90	0.00	4,462.00	255,911.90
Secretarial/clerical salaries	0.00	874.90	1,487.60	2,362.50
Other instructional salaries	0.00	15,040.00	10,285.00	25,325.00
Purchased professional technical services	23,177.04	0.00	0.00	23,177.04
Other purchased services	0.00	0.00	6,625.10	6,625.10
Textbooks	0.00	7,073.38	0.00	7,073.38
General supplies	95,972.55	4,695.52	1,025.25	101,693.32
Tuition	457,366.28	0.00	0.00	457,366.28
Total instruction	827,965.77	27,683.80	23,884.95	879,534.52
Support services:				
Salaries	48,047.00	0.00	0.00	48,047.00
Employee benefits	73,528.00	5,697.10	0.00	79,225.10
Purchased educational services	13,985.00	74,319.82	2,299.15	90,603.97
Purchased technical services	11,634.27	625.00	0.00	12,259.27
Other purchased services	0.00	18,940.55	0.00	18,940.55
Communications/telephone	0.00	200.00	0.00	200.00
Travel	0.00	176.00	472.00	648.00
Supplies	2,762.39	2,690.81	2,100.00	7,553.20
Other objects	551.18	0.00	0.00	551.18
Total support services	150,507.84	102,649.28	4,871.15	258,028.27
Total expenditures	978,473.61	130,333.08	28,756.10	1,137,562.79
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Federal
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2011

	Title I Chrysover	Title I ARSA	Title I SIA ARSA	Title II Part A Chrysover	Title II Part D	Title II Part D Chrysover	Title IV PL 99-570 Chrysover	IDEA - Part B Basic	IDEA - Part B Chrysover	IDEA - Part B Preschool	IDEA - Part B ARSA	IDEA - Part B ARSA	Mentoring Grant Chrysover 2009/10	Mentoring Grant Chrysover 2009/10	Total
REVENUES:															
Federal sources	\$ 44,961.61	\$ 60,306.28	\$ 495.00	\$ 58,487.04	\$ 129.00	\$ 3,677.96	\$ 2,664.93	\$ 407,366.28	\$ 54,250.40	\$ 19,529.90	\$ 147,866.98	\$ 2,509.24	\$ 11,557.86	\$ 14,172.77	\$ 978,473.61
Total revenues	\$ 44,961.61	\$ 60,306.28	\$ 495.00	\$ 58,487.04	\$ 129.00	\$ 3,677.96	\$ 2,664.93	\$ 407,366.28	\$ 54,250.40	\$ 19,529.90	\$ 147,866.98	\$ 2,509.24	\$ 11,557.86	\$ 14,172.77	\$ 978,473.61
EXPENDITURES:															
Instruction:															
Salaries of teachers	0.00	49,324.00	0.00	39,532.00	0.00	0.00	0.00	0.00	0.00	19,529.90	23,552.00	0.00	0.00	0.00	251,449.90
Salaries of instructional paraprofessionals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,557.86	11,619.18	231,770.04
Salaries of technical services	579.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,250.40	0.00	66,696.74	2,509.24	0.00	0.00	95,972.55
General supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	407,366.28	50,000.00	0.00	0.00	0.00	0.00	0.00	457,366.28
Tuition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total instruction	\$ 21,937.02	\$ 49,324.00	\$ 0.00	\$ 39,532.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 407,366.28	\$ 54,250.40	\$ 19,529.90	\$ 90,248.74	\$ 2,509.24	\$ 11,557.86	\$ 11,619.18	\$ 827,965.77
Support services:															
Salaries	0.00	0.00	0.00	0.00	120.00	0.00	0.00	0.00	0.00	0.00	38,338.00	0.00	0.00	0.00	48,047.00
Employee benefits	27,201.00	9,845.00	0.00	8,648.00	0.00	0.00	0.00	0.00	0.00	0.00	12,777.00	0.00	0.00	2,002.41	73,528.00
Professional services	0.00	0.00	0.00	10,307.04	0.00	3,677.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,985.00
Technical services	2,822.75	1,117.28	495.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,913.24	0.00	0.00	0.00	11,634.27
Supplies and materials	97.46	0.00	0.00	0.00	0.00	0.00	2,664.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,762.39
Other objects	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	551.18	551.18
Total support services	\$ 23,024.59	\$ 10,982.28	\$ 495.00	\$ 18,955.04	\$ 120.00	\$ 3,677.96	\$ 2,664.93	\$ 0.00	\$ 0.00	\$ 0.00	\$ 57,618.24	\$ 0.00	\$ 0.00	\$ 2,553.59	\$ 150,507.84
Total expenditures	\$ 44,961.61	\$ 60,306.28	\$ 495.00	\$ 58,487.04	\$ 129.00	\$ 3,677.96	\$ 2,664.93	\$ 407,366.28	\$ 54,250.40	\$ 19,529.90	\$ 147,866.98	\$ 2,509.24	\$ 11,557.86	\$ 14,172.77	\$ 978,473.61
Excess (deficiency) of revenues over (under) expenditures	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - State
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Auxiliary Services		Handicapped Services		Nonpublic Textbooks	Nonpublic Nursing	Work First New Jersey	Juvenile Accountability Incentive Block Grant	Total
	Basic Skills	Transportation	Supplemental Instruction	Examination and Classification					
REVENUES:									
State sources	\$ 56,348.28	\$ 6,074.00	\$ 2,779.00	\$ 3,509.54	\$ 7,073.38	\$ 8,554.00	\$ 41,020.88	\$ 1,845.00	\$ 130,333.08
Total revenues	56,348.28	6,074.00	2,779.00	3,509.54	7,073.38	8,554.00	41,020.88	1,845.00	130,333.08
EXPENDITURES:									
Instruction:									
Secretarial/clerical salaries	0.00	0.00	0.00	0.00	0.00	0.00	874.90	0.00	874.90
Other instructional salaries	0.00	0.00	0.00	0.00	0.00	0.00	15,040.00	0.00	15,040.00
Textbooks	0.00	0.00	0.00	0.00	7,073.38	0.00	0.00	0.00	7,073.38
General supplies	0.00	0.00	0.00	0.00	0.00	0.00	2,850.52	1,845.00	4,695.52
Total instruction	0.00	0.00	0.00	0.00	7,073.38	0.00	18,765.42	1,845.00	27,683.80
Support services:									
Employee benefits	0.00	0.00	0.00	0.00	0.00	0.00	5,697.10	0.00	5,697.10
Communications/telephone	0.00	0.00	0.00	0.00	0.00	0.00	200.00	0.00	200.00
Travel	0.00	0.00	0.00	0.00	0.00	0.00	176.00	0.00	176.00
Purchased educational services	56,348.28	0.00	2,779.00	3,509.54	0.00	8,554.00	0.00	0.00	74,319.82
Purchased professional technical services	0.00	0.00	0.00	0.00	0.00	0.00	625.00	0.00	625.00
Other purchased services	0.00	6,074.00	0.00	0.00	0.00	0.00	12,866.55	0.00	18,940.55
Supplies and materials	0.00	0.00	0.00	0.00	0.00	0.00	2,690.81	0.00	2,690.81
Total support services	56,348.28	6,074.00	2,779.00	3,509.54	0.00	8,554.00	22,255.46	0.00	102,649.28
Total expenditures	56,348.28	6,074.00	2,779.00	3,509.54	7,073.38	8,554.00	41,020.88	1,845.00	130,333.08
Excess (deficiency) of revenues over (under) expenditures	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Local
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Gloucester County Workforce Carryover	Burlington County Workforce Carryover	Work Source Grant	McKinney- Vento Homeless Grant	Total
REVENUES:					
Local sources	\$ 1,930.00	\$ 8,355.00	\$ 17,874.36	\$ 596.74	\$ 28,756.10
Total revenues	1,930.00	8,355.00	17,874.36	596.74	28,756.10
EXPENDITURES:					
Instruction:					
Salaries of teachers	0.00	0.00	4,462.00	0.00	4,462.00
Secretarial/clerical salaries	0.00	0.00	1,487.60	0.00	1,487.60
Other instructional salaries	1,930.00	8,355.00	0.00	0.00	10,285.00
Other purchased services	0.00	0.00	6,625.10	0.00	6,625.10
General supplies	0.00	0.00	428.51	596.74	1,025.25
Total instruction	1,930.00	8,355.00	13,003.21	596.74	23,884.95
Support services:					
Purchased educational services	0.00	0.00	2,299.15	0.00	2,299.15
Travel	0.00	0.00	472.00	0.00	472.00
General supplies	0.00	0.00	2,100.00	0.00	2,100.00
Total support services	0.00	0.00	4,871.15	0.00	4,871.15
Total expenditures	1,930.00	8,355.00	17,874.36	596.74	28,756.10
Excess (deficiency) of revenues over (under) expenditures	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2011

Project Title	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures To Date		Unexpended Appropriations June 30, 2011
			Prior Year	Current Year	
Roof replacement of Penn Beach School	08/23/10	\$ 581,042.00	\$ 0.00	\$ 579,696.76	\$ 1,345.24
		\$ 581,042.00	\$ 0.00	\$ 579,696.76	\$ 1,345.24

PENNSVILLE 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, 2011

REVENUES AND OTHER FINANCING SOURCES:	
State sources - SDA grant	\$ 255,526.00
Transfers	<u>325,516.00</u>
Total revenues and other financing sources	<u>581,042.00</u>
 EXPENDITURES AND OTHER FINANCING USES:	
Purchased professional and technical services	5,382.00
Construction services	<u>575,660.00</u>
Total expenditures and other financing uses	<u>581,042.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u><u>\$ 0.00</u></u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Roof Replacement of Penn Beach School
From Inception and for the Fiscal Year Ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SDA grant	\$ 0.00	\$ 255,526.00	\$ 255,526.00	\$ 255,526.00
Transfers	0.00	325,516.00	325,516.00	325,516.00
Total revenues and other financing sources	0.00	581,042.00	581,042.00	581,042.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	0.00	5,382.00	5,382.00	5,382.00
Construction services	0.00	575,660.00	575,660.00	575,660.00
Total expenditures and other financing uses	0.00	581,042.00	581,042.00	581,042.00
Excess (deficiency) of revenues over (under) expenditures	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

ADDITIONAL GRANT PROJECT INFORMATION:

Project number	DOE-4075-078-10-1002
Grant date	SDA-4075-078-10-G0NT 06/17/11
Original authorized cost	\$ 581,042.00
Additional authorized cost	\$ 0.00
Revised authorized cost	\$ 581,042.00
Percentage increase over original authorized cost	0.00%
Percentage of completion	100.00%
Original target completion date	09/01/11
Revised target completion date	01/01/12

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Food Services Enterprise Fund
Combining Statement of Net Assets
June 30, 2011

ASSETS:

Current assets:

Cash	\$ 4,870.57
Accounts receivable:	
Federal	12,948.32
State	422.99
Inventories	<u>10,159.23</u>
Total current assets	<u>28,401.11</u>

Fixed assets:

Equipment	430,281.24
Accumulated depreciation	<u>(404,455.12)</u>

Total fixed assets	<u>25,826.12</u>
--------------------	------------------

Total assets	<u>\$ 54,227.23</u>
--------------	---------------------

LIABILITIES AND NET ASSETS:

Current liabilities:

Accounts payable	<u>\$ 11,535.24</u>
------------------	---------------------

Total current liabilities	<u>11,535.24</u>
---------------------------	------------------

Net assets:

Unreserved	<u>42,691.99</u>
------------	------------------

Total net assets	<u>42,691.99</u>
------------------	------------------

Total liabilities and net assets	<u>\$ 54,227.23</u>
----------------------------------	---------------------

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Food Services Enterprise Fund
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2011

OPERATING REVENUES:

Local sources:

Daily sales-reimbursable programs:

School lunch program	\$	217,583.60
----------------------	----	------------

School breakfast program		1,842.40
--------------------------	--	----------

Daily sales non-reimbursable programs		123,629.95
---------------------------------------	--	------------

Special functions		8,655.79
-------------------	--	----------

Total operating revenues		351,711.74
--------------------------	--	------------

OPERATING EXPENSES:

Salaries and benefits		292,379.72
-----------------------	--	------------

Supplies and materials		22,068.70
------------------------	--	-----------

Cost of sales		255,517.61
---------------	--	------------

Depreciation		3,555.26
--------------	--	----------

Miscellaneous		38,000.00
---------------	--	-----------

Total operating expenses		611,521.29
--------------------------	--	------------

Operating loss		(259,809.55)
----------------	--	--------------

Nonoperating revenues (expenses):

State sources:

State school lunch program		6,557.23
----------------------------	--	----------

Federal sources:

National school lunch program		201,778.26
-------------------------------	--	------------

National school breakfast program		6,590.72
-----------------------------------	--	----------

Food distribution program		27,953.92
---------------------------	--	-----------

Total nonoperating revenues		242,880.13
-----------------------------	--	------------

Net income (loss) before contributions and transfers		(16,929.42)
--	--	-------------

Transfer in - fixed assets redistributed from general fund		2,901.50
--	--	----------

Gain or (loss) on disposal of fixed assets		455.11
--	--	--------

Change in net assets		(13,572.81)
----------------------	--	-------------

Net assets - July 1		56,264.80
---------------------	--	-----------

Net assets - June 30		\$ 42,691.99
----------------------	--	--------------

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Food Services Enterprise Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011

Cash flows from operating activities:	
Receipts from customers	\$ 391,205.05
Payments to employees and employee benefits	(292,379.72)
Payments to suppliers	(284,275.78)
Net cash provided by (used for) operating activities	<u>(185,450.45)</u>
Cash flows from noncapital financing activities:	
State sources	6,957.84
Federal sources	211,068.27
Net cash provided by (used for) noncapital financing activities	<u>218,026.11</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(9,885.74)</u>
Net cash provided by (used for) capital and related financing activities	<u>(9,885.74)</u>
Net increase (decrease) in cash and cash equivalents	22,689.92
Cash and cash equivalents - July 1	<u>(17,819.35)</u>
Cash and cash equivalents - June 30	<u>\$ 4,870.57</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (259,809.55)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	3,555.26
Food distribution program	27,953.92
Change in assets and liabilities:	
(Increase)/decrease in inventory	31,314.68
Increase/(decrease) in accounts payable	<u>11,535.24</u>
Net cash used by operating activities	<u>\$ (185,450.45)</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Statement of Net Assets
June 30, 2011

ASSETS:

Current assets:

Cash	\$ 92,350.95
------	--------------

Total current assets	92,350.95
----------------------	-----------

Fixed assets:

Equipment	169,925.21
-----------	------------

Accumulated depreciation	(93,004.05)
--------------------------	-------------

Total fixed assets	76,921.16
--------------------	-----------

Total assets	\$ 169,272.11
--------------	---------------

LIABILITIES AND NET ASSETS:

Current liabilities:

Accounts payable	\$ 259.25
------------------	-----------

Total current liabilities	259.25
---------------------------	--------

Net assets

Invested in capital assets, net of related debt	76,921.16
---	-----------

Unrestricted	92,091.70
--------------	-----------

Total net assets	169,012.86
------------------	------------

Total liabilities and net assets	\$ 169,272.11
----------------------------------	---------------

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2011

	School To Work Continuation	Graphic Arts Academy	Creative Arts Academy	Delaware Training Center	Total
OPERATING REVENUES:					
Program fees	\$ 23,833.89	\$ 402,120.00	\$ 329,515.00	\$ 6,000.00	\$ 761,468.89
Total operating revenues	<u>23,833.89</u>	<u>402,120.00</u>	<u>329,515.00</u>	<u>6,000.00</u>	<u>761,468.89</u>
OPERATING EXPENSES:					
Salaries	38,074.20	200,677.59	233,121.93	0.00	471,873.72
Employee benefits	4,798.49	40,324.00	40,373.00	0.00	85,495.49
Purchased professional/technical services	0.00	0.00	0.00	6,000.00	6,000.00
Other purchased services	21,612.78	70,090.90	60,771.97	0.00	152,475.65
Supplies and materials	0.00	19,360.00	18,302.35	0.00	37,662.35
Depreciation	0.00	8,428.29	5,167.66	0.00	13,595.95
Other objects	20,897.23	49.00	0.00	13,807.69	34,753.92
Total operating expenses	<u>85,382.70</u>	<u>338,929.78</u>	<u>357,736.91</u>	<u>19,807.69</u>	<u>801,857.08</u>
Operating income (loss)	(61,548.81)	63,190.22	(28,221.91)	(13,807.69)	(40,388.19)
Retained earnings - July 1	<u>70,086.92</u>	<u>76,461.44</u>	<u>49,045.00</u>	<u>13,807.69</u>	<u>209,401.05</u>
Retained earnings - June 30	<u>\$ 8,538.11</u>	<u>\$ 139,651.66</u>	<u>\$ 20,823.09</u>	<u>\$ 0.00</u>	<u>\$ 169,012.86</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011

Cash flows from operating activities:	
Receipts from customers	\$ 761,468.89
Payments to employees and employee benefits	(557,369.21)
Payments to suppliers	(239,038.41)
Net cash provided by (used for) operating activities	<u>(34,938.73)</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(21,380.70)</u>
Net cash provided by (used for) capital and related financing activities	<u>(21,380.70)</u>
Net increase (decrease) in cash and cash equivalents	(56,319.43)
Cash and cash equivalents - July 1	<u>148,670.38</u>
Cash and cash equivalents - June 30	<u>\$ 92,350.95</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (40,388.19)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	13,595.95
Change in assets and liabilities:	
Increase/(decrease) in accounts payable	<u>(8,146.49)</u>
Net cash provided (used) by operating activities	<u>\$ (34,938.73)</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Fiduciary Net Assets
June 30, 2011

	Expendable Trust	Agency	Payroll	Total
	Unemployment Compensation Insurance Trust	Student Activity	Payroll	Total
ASSETS:				
Cash and cash equivalents	\$ 6,293.54	\$ 159,378.20	\$ 133,701.38	\$ 299,373.12
Total assets	\$ 6,293.54	\$ 159,378.20	\$ 133,701.38	\$ 299,373.12
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accrued salaries and wages	\$ 0.00	\$ 0.00	\$ 106,452.97	\$ 106,452.97
Interfund accounts payable	0.00	0.00	16.56	16.56
Payroll deductions and withholdings	3,436.99	0.00	27,231.85	30,668.84
Due to student groups	0.00	159,378.20	0.00	159,378.20
Total liabilities	3,436.99	159,378.20	133,701.38	296,516.57
Fund balances:				
Reserved	2,856.55	0.00	0.00	2,856.55
Total fund balances	2,856.55	0.00	0.00	2,856.55
Total liabilities and fund balances	\$ 6,293.54	\$ 159,378.20	\$ 133,701.38	\$ 299,373.12

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

OPERATING REVENUES:

Deduction from employees' salaries	\$ 36,731.70
Interest earned	446.32
	446.32

Total operating revenues

	37,178.02
--	-----------

OPERATING EXPENSES:

Claims	270,016.44
Quarterly reports	10,656.03
Penalty	279.15
	279.15

Total operating expenses

	280,951.62
--	------------

Operating income (loss)

	(243,773.60)
--	--------------

Fund balances - July 1

	246,630.15
--	------------

Fund balances - June 30

	\$ 2,856.55
--	-------------

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
Elementary schools:				
Central Park	\$ 642.23	\$ 2.04	\$ -	\$ 644.27
Penn Beach	2,505.95	462.54	92.25	2,876.24
Valley Park	1,819.19	1,816.39	1,400.00	2,235.58
Total elementary schools	<u>4,967.37</u>	<u>2,280.97</u>	<u>1,492.25</u>	<u>5,756.09</u>
Junior high school:				
Pennsville Middle School	16,644.57	6,520.39	4,920.12	18,244.84
Total junior high school	<u>16,644.57</u>	<u>6,520.39</u>	<u>4,920.12</u>	<u>18,244.84</u>
Senior high school:				
Pennsville Memorial High School	127,545.11	279,110.11	271,328.94	135,326.28
Pennsville athletic fund	0.00	37,062.82	37,011.83	50.99
Total senior high school	<u>127,545.11</u>	<u>316,172.93</u>	<u>308,340.77</u>	<u>135,377.27</u>
Total all schools	<u>\$ 149,157.05</u>	<u>\$ 324,974.29</u>	<u>\$ 314,753.14</u>	<u>\$ 159,378.20</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursement
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
ASSETS:				
Cash and cash equivalents	\$ 140,732.74	\$ 22,301,766.27	\$ 22,308,797.63	\$ 133,701.38
Total assets	\$ 140,732.74	\$ 22,301,766.27	\$ 22,308,797.63	\$ 133,701.38
LIABILITIES:				
Payroll deductions and withholdings	\$ 4,077.13	\$ 12,151,628.10	\$ 12,128,473.38	\$ 27,231.85
Net payroll	0.00	9,909,399.40	9,909,399.40	0.00
Interfund accounts payable	0.00	1,165.32	1,148.76	16.56
Accrued salaries and wages	136,655.61	239,573.45	269,776.09	106,452.97
Total liabilities	\$ 140,732.74	\$ 22,301,766.27	\$ 22,308,797.63	\$ 133,701.38

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2011

Issue	Date Of Issue	Amount Of Issue	Annual Maturities		Interest Rate	Balance		
			Date	Amount		July 1, 2010	June 30, 2011	
Small project loan	8/18/93	\$ 3,023,759.00	7/15/11	\$ 199,265.43				
			7/15/12	208,375.38				
			7/15/13	217,942.24	5.288%	\$ 816,384.67	\$ 190,801.62	\$ 625,583.05
Safe program	8/18/93	1,007,920.00	7/11/10-13	53,048.39	1.5%	212,193.62	53,048.39	159,145.23
						\$ 1,028,578.29	\$ 243,850.01	\$ 784,728.28

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
General Long-Term Debt Account Group
Schedule of Obligations Under Capital Leases
June 30, 2011

Series	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate Payable	Amount Outstanding June 30, 2010	Retired	Amount Outstanding June 30, 2011
			Principal	Interest				
Photovoltaic electric power generating system	08/14/07	5 years	\$ 838,000.00	\$ 71,123.03	4.470%	\$ 270,052.42	\$ 270,052.42	\$ 0.00
						\$ 270,052.42	\$ 270,052.42	\$ 0.00

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Budget
REVENUES:					
Local sources:					
Local tax levy	\$ 212,653.00	0.00	\$ 212,653.00	\$ 212,653.00	\$ 0.00
State sources:					
Debt service aid type II	72,108.00	0.00	72,108.00	72,108.00	0.00
Total state sources	<u>72,108.00</u>	<u>0.00</u>	<u>72,108.00</u>	<u>72,108.00</u>	<u>0.00</u>
Total revenues	<u>284,761.00</u>	<u>0.00</u>	<u>284,761.00</u>	<u>284,761.00</u>	<u>0.00</u>
EXPENDITURES:					
Regular debt service:					
Interest	40,911.00	(0.01)	40,910.99	40,910.67	0.32
Redemption of principal	243,850.00	0.01	243,850.01	243,850.01	0.00
Total regular debt service	<u>284,761.00</u>	<u>0.00</u>	<u>284,761.00</u>	<u>284,760.68</u>	<u>0.32</u>
Total expenditures	<u>284,761.00</u>	<u>0.00</u>	<u>284,761.00</u>	<u>284,760.68</u>	<u>0.32</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.32</u>	<u>(0.32)</u>
Fund balance - July 1	<u>0.74</u>	<u>0.00</u>	<u>0.74</u>	<u>0.74</u>	<u>0.00</u>
Fund balance - June 30	<u>\$ 0.74</u>	<u>\$ 0.00</u>	<u>\$ 0.74</u>	<u>\$ 1.06</u>	<u>\$ (0.32)</u>

Statistical Section

Financial Trends - These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.

Revenue Capacity - These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Net Assets By Component
Last Nine Fiscal Years
Accrual Basis of Accounting

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:									
Invested in capital assets, net of related debt	\$ 2,531,921.08	\$ 1,222,733.48	\$ (236,380.39)	\$ (698,426.44)	\$ (442,017.93)	\$ (121,623.65)	\$ (699,174.99)	\$ (1,119,863.47)	\$ (1,410,566.30)
Restricted	1,111,144.37	1,052,483.31	920,920.00	961,827.85	978,705.80	869,376.52	576,024.81	132,202.29	190,549.52
Unrestricted	(1,730,013.36)	(1,217,991.41)	(1,709,425.62)	(1,455,525.56)	(1,418,314.54)	(1,486,091.99)	(1,515,405.10)	(1,688,392.31)	(1,432,744.75)
Total governmental activities net assets	\$ 1,913,052.09	\$ 1,057,225.38	\$ (1,024,886.01)	\$ (1,192,124.15)	\$ (881,626.67)	\$ (738,339.12)	\$ (1,638,555.28)	\$ (2,676,053.49)	\$ (2,652,761.53)
Business-type activities:									
Invested in capital assets, net of related debt	\$ 25,826.12	\$ 16,139.03	\$ 20,857.01	\$ 24,753.20	\$ 28,517.76	\$ 21,095.21	\$ 10,858.91	\$ 14,923.01	\$ 18,225.94
Restricted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrestricted	16,865.87	40,125.77	(4,948.20)	(7,409.77)	(78,092.12)	(160,412.75)	(196,568.71)	(213,364.60)	(178,105.44)
Total business-type activities net assets	\$ 42,691.99	\$ 56,264.80	\$ 15,908.81	\$ 17,343.43	\$ (49,574.36)	\$ (139,317.54)	\$ (185,709.80)	\$ (198,441.59)	\$ (159,879.50)
District-wide activities:									
Invested in capital assets, net of related debt	\$ 2,557,747.20	\$ 1,238,872.51	\$ (215,523.38)	\$ (673,673.24)	\$ (413,500.17)	\$ (100,528.44)	\$ (688,316.08)	\$ (1,104,940.46)	\$ (1,392,340.36)
Restricted	1,111,144.37	1,052,483.31	920,920.00	961,827.85	978,705.80	869,376.52	576,024.81	132,202.29	190,549.52
Unrestricted	(1,713,147.49)	(1,177,865.64)	(1,714,373.82)	(1,462,935.33)	(1,496,406.66)	(1,646,504.74)	(1,711,973.81)	(1,901,756.91)	(1,610,850.19)
Total district-wide activities net assets	\$ 1,955,744.08	\$ 1,113,490.18	\$ (1,008,977.20)	\$ (1,174,780.72)	\$ (931,201.03)	\$ (877,656.66)	\$ (1,824,265.08)	\$ (2,874,495.08)	\$ (2,812,641.03)

PENNSVILLE TOWNSHIP SCHOOL DISTRICT

Changes In Net Assets
Last Nine Fiscal Years
Accrual Basis of Accounting

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:									
Governmental activities:									
Instruction:									
Regular	\$ 9,174,353.22	\$ 8,912,458.29	\$ 9,095,101.70	\$ 8,859,611.78	\$ 8,447,005.18	\$ 8,235,759.22	\$ 8,373,021.29	\$ 7,947,931.88	\$ 7,969,485.21
Special education	2,447,377.91	2,474,231.95	2,535,102.45	2,300,123.55	2,017,643.43	1,883,131.63	1,732,925.97	1,648,002.19	1,587,524.57
Other special education	193,616.78	180,672.93	234,364.32	201,016.40	159,276.32	112,374.66	108,784.84	150,989.84	221,384.72
Other instruction	1,227,483.84	1,184,051.22	1,025,925.79	950,046.08	942,483.20	832,075.23	852,474.36	823,555.72	739,855.43
Support services:									
Tuition	894,823.20	1,344,917.39	1,579,610.18	1,747,629.41	1,898,565.69	1,641,403.34	1,524,114.61	1,399,273.31	1,130,052.20
Student and instruction related services	3,084,588.31	3,444,366.50	3,178,782.45	3,236,707.99	3,164,736.66	2,987,446.36	2,534,944.94	2,455,437.84	2,340,999.03
School administration and central services	1,279,476.35	1,222,179.80	1,239,693.93	1,230,610.31	1,195,293.21	1,322,683.28	1,246,624.97	1,245,508.09	1,222,669.08
General and business administration	1,262,408.88	1,226,055.57	1,211,246.66	1,094,114.73	940,111.63	919,939.82	871,336.69	823,611.43	765,288.94
Plant operations and maintenance	2,732,052.39	2,567,790.08	2,527,592.32	2,732,083.05	2,672,417.85	2,523,316.97	2,572,314.93	2,454,684.37	2,242,359.64
Pupil transportation	1,194,498.27	1,197,183.28	1,358,886.62	1,419,502.13	1,522,700.68	1,425,531.06	1,319,304.83	1,226,473.83	1,168,993.94
Other support services	6,198,514.16	6,174,498.70	5,827,637.92	7,063,273.66	6,522,156.72	5,563,450.38	5,086,538.61	4,905,854.20	4,140,811.45
Special schools	2,307.87	108,749.55	72,681.78	101,361.46	109,509.04	111,123.28	103,412.93	104,764.89	102,912.69
Interest on long-term debt	39,698.57	62,212.72	57,232.43	67,280.77	76,940.84	86,234.08	41,260.47	103,794.76	167,008.08
Unallocated depreciation	213,586.05	201,482.65	183,794.98	198,903.14	204,952.03	215,701.18	223,122.25	279,491.25	377,998.29
Total governmental activities expenses	29,944,785.80	30,300,850.63	30,127,653.53	31,202,264.46	29,873,792.48	27,860,170.49	26,592,181.69	25,569,373.60	24,177,343.27
Business-type activities:									
Food services	611,521.29	583,526.69	582,919.03	585,604.27	563,305.10	565,653.73	554,519.89	494,650.58	498,000.73
Total business-type activities expenses	611,521.29	583,526.69	582,919.03	585,604.27	563,305.10	565,653.73	554,519.89	494,650.58	498,000.73
Total district expenses	\$ 30,556,307.09	\$ 30,884,377.32	\$ 30,710,572.56	\$ 31,787,868.73	\$ 30,437,097.58	\$ 28,425,824.22	\$ 27,146,701.58	\$ 26,064,024.18	\$ 24,675,344.00
Revenues:									
Governmental activities:									
Charges for services:									
Instruction	\$ 761,468.89	\$ 748,760.62	\$ 640,371.50	\$ 488,186.50	\$ 514,254.75	\$ 496,539.50	\$ 461,045.91	\$ 480,333.81	\$ 465,269.29
Operating grants and contributions	3,028,881.43	3,999,931.54	3,410,593.44	4,676,135.18	4,541,688.47	3,738,010.08	3,057,593.69	3,112,921.25	2,600,567.42
Total governmental activities revenues	3,790,350.32	4,748,692.16	4,050,964.94	5,164,321.68	5,055,943.22	4,234,549.58	3,518,639.60	3,593,255.06	3,065,836.71
Business-type activities:									
Charges for services:									
Food services	351,711.74	386,029.70	385,131.72	439,479.85	416,913.92	373,960.43	381,552.88	329,222.34	318,367.63
Operating grants and contributions	242,880.13	237,852.98	196,530.99	213,042.21	224,947.25	229,220.56	194,698.80	126,866.15	122,954.23
Total business-type activities revenues	594,591.87	623,882.68	581,662.71	652,522.06	641,861.17	603,180.99	576,251.68	456,088.49	441,321.86
Total district revenues	\$ 4,384,942.19	\$ 5,372,574.84	\$ 4,632,627.65	\$ 5,816,843.74	\$ 5,697,804.39	\$ 4,837,730.57	\$ 4,094,891.28	\$ 4,049,343.55	\$ 3,507,158.57
Net (expenses)/revenues:									
Governmental activities	\$ (26,154,435.48)	\$ (25,552,158.47)	\$ (26,076,688.59)	\$ (26,037,942.78)	\$ (24,817,849.26)	\$ (23,625,620.91)	\$ (23,073,542.09)	\$ (21,976,118.54)	\$ (21,111,506.56)
Business-type activities	(16,929.42)	40,355.99	(1,256.32)	66,917.79	78,556.07	37,527.26	21,731.79	(38,562.09)	(56,678.87)
Total district-wide net expenses	\$ (26,171,364.90)	\$ (25,511,802.48)	\$ (26,077,944.91)	\$ (25,971,024.99)	\$ (24,739,293.19)	\$ (23,588,093.65)	\$ (23,051,810.30)	\$ (22,014,680.63)	\$ (21,168,185.43)

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Changes in Net Assets
Last Nine Fiscal Years
Accrual Basis of Accounting

	2011	2010	2009	2008	2007	2006	2005	2004	2003
General revenues and other changes in net assets:									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 17,524,062.00	\$ 17,226,469.00	\$ 17,032,091.00	\$ 17,557,343.00	\$ 16,884,103.00	\$ 15,643,345.00	\$ 15,120,573.00	\$ 13,820,643.00	\$ 12,851,659.00
Taxes levied for debt service	212,653.00	201,769.00	203,727.00	205,493.00	207,278.00	245,060.00	89,830.00	212,725.00	214,445.00
Unrestricted grants and contributions	7,914,968.44	9,141,616.35	8,719,315.00	8,301,357.01	8,052,343.15	8,433,130.15	8,081,905.29	7,979,069.00	7,665,203.00
Restricted grants and contributions	255,526.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tuition received	120,125.15	144,320.70	75,138.31	54,280.18	16,948.77	2,106.88	9,028.04	11,948.16	0.00
Transportation fees from individuals	57,110.00	0.00	76,823.22	80,147.25	72,518.96	75,897.50	59,260.78	54,121.96	51,765.70
Investment earnings	9,726.11	11,749.04	39,796.60	134,222.56	98,721.95	65,289.69	34,617.56	13,556.97	23,957.20
Miscellaneous income	292,267.07	133,459.63	173,834.96	138,546.18	93,060.20	118,716.69	89,315.19	93,993.88	49,567.06
Transfers	0.00	0.00	0.00	(50,000.00)	(75,000.00)	(75,000.00)	(50,376.06)	0.00	0.00
Fixed asset additions, disposals, prior period adjustments	343,647.08	605,445.45	(26,869.12)	31,464.58	18,370.00	17,093.02	429,917.01	85,338.55	0.00
Capital lease issued	0.00	0.00	0.00	(838,000.00)	(505,000.00)	0.00	0.00	0.00	0.00
Capital lease adjustments	0.00	213,357.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bequests for scholarships	0.00	0.00	0.00	0.00	0.00	0.00	88,706.56	0.00	0.00
Savings from refinancing of bonded debt	0.00	0.00	0.00	0.00	0.00	0.00	67,148.24	0.00	0.00
Compensated absences (increase)/reduction	280,177.34	(43,917.11)	(49,930.24)	112,591.54	(106,848.08)	198.14	91,114.69	61,090.56	0.00
Total governmental activities	27,010,262.19	27,634,269.86	26,243,926.73	25,727,445.30	24,756,495.95	24,525,837.07	24,111,040.30	22,332,487.08	20,856,596.96
Business-type activities:									
Fixed asset disposals and prior period adjustments	3,356.61	0.00	(178.30)	0.00	11,187.11	8,865.00	(9,000.00)	0.00	0.00
Total business-type activities	3,356.61	0.00	(178.30)	0.00	11,187.11	8,865.00	(9,000.00)	0.00	0.00
Total district-wide activities	\$ 27,013,618.80	\$ 27,634,269.86	\$ 26,243,748.43	\$ 25,727,445.30	\$ 24,767,683.06	\$ 24,534,702.07	\$ 24,102,040.30	\$ 22,332,487.08	\$ 20,856,596.96
Change in net assets:									
Governmental activities	\$ 855,826.71	\$ 2,082,111.39	\$ 167,238.14	\$ (310,497.48)	\$ (61,353.31)	\$ 900,216.16	\$ 1,037,498.21	\$ 356,368.54	\$ (254,909.60)
Business-type activities	(13,572.81)	40,355.99	(1,434.62)	66,917.79	89,743.18	46,392.26	12,731.79	(38,562.09)	(56,678.87)
Total district-wide	\$ 842,253.90	\$ 2,122,467.38	\$ 165,803.52	\$ (243,579.69)	\$ 28,389.87	\$ 946,608.42	\$ 1,050,230.00	\$ 317,806.45	\$ (311,588.47)

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
 Fund Balances - Governmental Funds
 Last Nine Fiscal Years
 Modified Accrual Basis of Accounting

	2011	2010	2009	2008	2007	2006	2005	2004	2003
General fund:									
Reserved	\$ 0.00	\$ 1,737,488.78	\$ 1,046,060.30	\$ 911,588.44	\$ 1,057,765.43	\$ 784,813.84	\$ 141,974.44	\$ 94,667.45	\$ 248,520.51
Unreserved	0.00	(273,773.40)	(238,143.71)	200,058.85	223,485.88	192,867.86	584,282.56	193,082.40	336,410.31
Restricted	222,964.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned	706,024.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unassigned	(156,957.47)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total general fund	\$ 772,031.09	\$ 1,463,715.38	\$ 807,916.59	\$ 1,111,647.29	\$ 1,281,251.31	\$ 977,681.70	\$ 726,257.00	\$ 287,749.85	\$ 584,930.82
All other governmental funds:									
Reserved	\$ 88,706.56	\$ 88,706.56	\$ 88,631.04	\$ 88,706.56	\$ 88,706.56	\$ 88,706.56	\$ 88,706.56	\$ 0.00	\$ 81,771.44
Unreserved, reported in:									
Special revenue fund	0.00	0.00	0.00	(2,414.50)	(2,414.50)	(2,414.50)	(2,414.50)	(2,414.50)	(7,050.50)
Capital projects fund	1,345.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt service fund	1.06	0.74	1.08	2.51	0.95	0.19	0.20	1.00	1.64
Permanent fund	11.25	26.91	317.50	317.50	234.48	156.89	78.17	0.00	0.00
Total all other governmental funds	\$ 90,064.11	\$ 88,734.21	\$ 88,949.62	\$ 86,612.07	\$ 86,527.49	\$ 86,449.14	\$ 86,370.43	\$ (2,413.50)	\$ 74,722.58

Note: 2011 reflects the change to GASB 54.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
 Changes in Fund Balances - Governmental Funds
 Last Nine Fiscal Years
 Modified Accrual Basis of Accounting

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:									
Tax levy	\$ 17,736,715.00	\$ 17,428,238.00	\$ 17,235,818.00	\$ 17,762,836.00	\$ 17,091,381.00	\$ 15,888,405.00	\$ 15,210,403.00	\$ 14,033,368.00	\$ 13,066,104.00
Tuition charges	120,125.15	144,320.70	75,138.31	54,280.18	16,948.77	2,106.88	9,028.04	11,948.16	0.00
Transportation fees	57,110.00	0.00	76,823.22	80,147.25	72,518.96	75,897.50	59,260.78	54,121.96	51,765.70
Interest earnings	9,726.11	10.00	39,796.60	134,222.56	98,721.95	65,289.69	34,617.56	13,556.97	23,957.20
Miscellaneous	321,023.17	842,888.83	416,404.09	317,970.27	129,727.83	157,909.69	113,199.64	123,758.88	79,552.84
State sources	9,913,964.74	9,949,755.10	10,853,861.74	12,012,370.02	11,626,535.91	11,179,151.86	10,548,533.91	10,415,257.47	9,675,495.50
Federal sources	1,001,129.03	2,494,102.63	1,033,477.57	785,698.08	848,894.34	952,795.37	574,694.33	686,387.78	592,717.14
Total revenues	29,159,793.20	30,859,315.26	29,731,319.53	31,147,524.36	29,884,728.26	28,321,355.99	26,549,737.26	25,338,399.22	23,489,592.38
Expenditures:									
Instruction:									
Regular instruction	9,174,353.22	8,912,458.29	9,095,101.70	8,859,611.78	8,447,005.18	8,235,759.22	8,373,021.29	7,969,668.09	8,032,594.65
Special education instruction	2,447,377.91	2,474,231.95	2,535,102.45	2,300,123.55	2,017,643.43	1,883,131.63	1,732,925.97	1,648,002.19	1,587,524.57
Other special instruction	193,616.78	180,672.93	234,364.32	201,016.40	159,276.32	112,374.66	108,784.84	150,989.84	221,384.72
Other instruction	439,222.71	484,590.80	437,456.84	460,263.96	415,084.15	402,394.87	389,017.83	395,496.22	280,578.74
Support services:									
Tuition	894,823.20	1,344,917.39	1,579,610.18	1,747,629.41	1,898,565.69	1,641,403.34	1,524,114.61	1,399,273.31	1,130,052.20
Student and instruction related services	3,084,588.31	3,444,366.50	3,178,782.45	3,236,707.99	3,164,736.66	2,987,446.36	2,534,944.94	2,455,437.84	2,340,999.03
School administrative services	1,279,476.35	1,222,179.80	1,239,693.93	1,230,610.31	1,195,293.21	1,322,683.28	1,246,624.97	1,245,508.09	1,222,669.08
General and business administration	1,262,408.88	1,226,055.57	1,211,246.66	1,094,114.73	940,111.63	919,939.82	871,336.69	823,611.43	765,288.94
Plant operations and maintenance	2,732,052.39	2,567,790.08	2,723,020.83	3,200,079.48	2,768,645.58	2,523,316.97	2,572,314.93	2,496,215.32	2,330,513.57
Pupil transportation	1,194,498.27	1,197,183.28	1,358,886.62	1,419,502.13	1,522,700.68	1,425,531.06	1,319,304.83	1,226,473.83	1,168,993.94
Employee benefits	6,198,514.16	6,174,498.70	5,827,637.92	7,063,273.66	6,522,156.72	5,563,450.38	5,086,538.61	4,905,854.20	4,140,811.45
Special schools	2,307.87	108,749.55	72,681.78	101,361.46	109,509.04	111,123.28	103,412.93	104,764.89	102,912.69
Capital outlay	337,976.10	578,651.70	248,952.57	898,064.50	555,123.77	568,823.70	19,492.50	208,771.88	101,282.41
Debt service:									
Principal	243,850.01	235,802.14	228,329.07	220,969.12	214,021.25	207,335.80	134,100.75	195,379.54	189,659.90
Interest and other charges	40,910.67	51,583.20	61,845.36	71,715.32	81,206.99	90,338.21	45,217.05	107,609.10	115,780.07
Total expenditures	29,525,976.83	30,203,731.88	30,032,712.68	32,105,043.80	30,011,080.30	27,995,052.58	26,061,152.74	25,333,055.77	23,731,045.96
Excess (deficiency) of revenues over (under) expenditures	(366,183.63)	655,583.38	(301,393.15)	(957,519.44)	(126,352.04)	326,503.41	488,584.52	5,343.45	(241,453.58)
Other financing sources (uses):									
Bequest for scholarships	0.00	0.00	0.00	0.00	0.00	0.00	88,706.56	0.00	0.00
Capital leases	0.00	0.00	0.00	838,000.00	505,000.00	0.00	0.00	0.00	0.00
Transfers in	0.00	1.00	0.00	0.00	0.00	323,058.00	376.06	59,130.00	58,322.00
Transfers out	(325,516.00)	(1.00)	0.00	(50,000.00)	(75,000.00)	(398,058.00)	(50,376.06)	(59,130.00)	(58,322.00)
Total other financing sources (uses)	(325,516.00)	0.00	0.00	788,000.00	430,000.00	(75,000.00)	38,706.56	0.00	0.00
Net change in fund balances	\$ (691,699.63)	\$ 655,583.38	\$ (301,393.15)	\$ (169,519.44)	\$ 303,647.96	\$ 251,503.41	\$ 527,291.08	\$ 5,343.45	\$ (241,453.58)

Note: Noncapital expenditures are total expenditures less capital outlay.
 Central services and administrative information technology account classifications were added beginning with year end June 30, 2005.
 Prior to June 30, 2005, central services and administrative information technology were combined in other support services as business and other support services.

Source: District records.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
General Fund Other Local Revenue By Source
Last Ten Fiscal Years
Modified Accrual Basis of Accounting

Fiscal Year Ended June 30	Tuition	Interest On Investment	Transportation Fees	Solar Renewable Credits	Miscellaneous	Total
2011	\$ 120,125.15	\$ 9,726.11	\$ 57,110.00	\$ 73,656.00	\$ 218,326.73	\$ 478,943.99
2010	144,320.70	11,464.11	0.00	0.00	133,459.63	289,244.44
2009	75,138.31	39,796.60	76,823.22	0.00	173,310.48	365,068.61
2008	54,280.18	133,639.54	80,147.25	0.00	138,546.18	406,613.15
2007	16,948.77	98,144.36	72,518.96	0.00	93,060.20	280,672.29
2006	2,106.88	64,710.97	75,897.50	0.00	118,716.69	261,432.04
2005	9,028.04	34,039.39	59,260.78	0.00	89,315.19	191,643.40
2004	11,948.16	13,556.97	54,121.96	0.00	93,993.88	173,620.97
2003	0.00	23,957.20	51,765.70	0.00	49,567.06	125,289.96
2002	0.00	47,799.89	52,070.80	0.00	48,694.06	148,564.75

Source: District records.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Vacant Land	Residential	Farm - Regular	Farm - Qualified	Commercial	Industrial	Apartments	Total Assessed Value	Less: Tax Exempt Property	Public Utilities*	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate**
2011	\$ 21,956,000	\$ 741,079,700	\$ 11,909,600	\$ 1,734,900	\$ 147,404,300	\$ 202,993,000	\$ 32,747,600	\$ 1,159,825,100	\$ -	\$ 2,592,983	\$ 1,162,418,083	\$ 1,412,292,003	\$ 1.558
2010	12,901,600	480,612,100	7,092,900	2,076,100	80,069,400	150,325,900	17,513,000	750,591,000	-	1,552,472	752,143,472	1,353,383,538	2.304
2009	13,368,800	478,692,500	6,828,900	2,082,600	80,085,400	150,160,900	17,513,000	748,752,100	-	1,635,282	750,387,382	1,171,277,265	2.297
2008	15,202,700	476,113,800	6,655,800	2,027,200	79,372,000	150,155,900	17,513,000	747,040,400	-	1,727,963	748,768,363	1,041,316,420	2.320
2007	16,656,700	466,826,800	6,603,600	2,005,300	77,276,300	151,673,600	17,513,000	738,555,300	-	1,947,019	740,502,319	889,706,019	2.169
2006	15,643,500	460,183,800	6,724,800	2,062,300	76,339,300	151,654,300	17,513,000	730,121,000	-	2,194,311	732,315,311	917,316,574	2.123
2005	16,872,800	451,717,300	6,721,400	2,065,200	72,263,500	151,698,500	17,496,600	718,835,300	-	2,454,573	721,289,873	825,528,846	2.028
2004	15,257,100	449,518,800	6,412,000	2,097,300	77,914,700	152,415,600	17,456,700	721,072,200	-	2,601,580	723,673,780	814,279,461	1.873
2003	16,529,600	445,692,200	5,731,400	2,092,600	76,659,000	154,945,600	17,349,300	718,999,700	-	2,490,053	721,489,753	821,545,132	1.791
2002	17,142,400	442,874,300	5,922,600	2,073,900	76,753,200	164,983,600	17,349,300	727,099,300	-	2,430,489	729,529,789	824,123,343	1.689

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the county board of taxation requests treasury to order a reassessment.

Source: Municipal tax assessor.

*Taxable value of machinery, implements and equipment of telephone, telegraph and messenger system companies

**Tax rates are per \$100.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Per \$100 of Assessed Valuation
Last Ten Fiscal Years

Fiscal Year Ended June 30	District's Direct Rate				Overlapping Rates			Total Direct And Overlapping Tax Rate
	Basic Rate*	General Obligation Debt Service**	(From J-6) Total Direct School Tax Rate	Municipality	County			
2011	\$ 1.540	0.018	\$ 1.558	\$ 0.464	\$ 1.069	\$	3.091	
2010	2.277	0.027	2.304	0.569	1.596		4.469	
2009	2.270	0.027	2.297	0.569	1.596		4.462	
2008	2.280	0.040	2.320	0.415	1.353		4.088	
2007	2.136	0.033	2.169	0.370	1.270		3.809	
2006	2.090	0.033	2.123	0.321	1.261		3.705	
2005	2.016	0.012	2.028	0.253	1.134		3.415	
2004	1.844	0.029	1.873	0.192	1.116		3.181	
2003	1.763	0.028	1.791	0.173	1.130		3.094	
2002	1.660	0.029	1.689	0.172	1.087		2.948	

Source: Municipal Tax Collector.

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

*The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.

**Rates for debt service are based on each year's requirements.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2011		2002	
	Taxable Assessed Value	Percentage Of Total District Net Assessed Value	Taxable Assessed Value	Percentage Of Total District Net Assessed Value
E.I. DuPont De Numous & Co.	\$ 135,000,000.00	11.61%		
Connectiv Atlantic Generation	29,411,100.00	2.53%		
ACP Pennsville Association	16,925,600.00	1.46%		
Seigfried (USA), Inc.	13,581,900.00	1.17%		
Pennsville Shopping Center, LLC	13,238,800.00	1.14%		Not Available
Pennsville Hotel Corp.	10,396,900.00	0.89%		
HP PVL LLC Et Al C/O Metro Prop.	10,387,300.00	0.89%		
Orchard Court Association	8,752,200.00	0.75%		
Vision Properties, Cranburry Plaza	5,768,100.00	0.50%		
M and P RE LLC (Concorde Building)	4,306,600.00	0.37%		
Total	\$ 247,768,500.00	21.31%		

Source: Municipal Tax Assessor.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year Of the Levy*		Collections In Subsequent Year
		Current Amount	Percentage Of Levy	
2011	\$ 17,736,715	\$ 17,736,715	100.00%	\$ -
2010	17,428,238	17,428,238	100.00%	\$ -
2009	17,235,818	17,235,818	100.00%	-
2008	17,762,836	17,762,836	100.00%	-
2007	17,091,381	17,091,381	100.00%	-
2006	15,888,405	15,888,405	100.00%	-
2005	15,210,403	15,210,403	100.00%	-
2004	14,033,368	14,033,368	100.00%	-
2003	13,066,104	13,066,104	100.00%	-
2002	12,778,762	12,778,762	100.00%	-

Source: District records including the certificate and report of school taxes (A4F Form).

*School taxes are collected by the municipal tax collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Ratios Of Outstanding Debt By Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities		Total District	Percentage Of Personal Income*	Per Capita*
	General Obligation Bonds	Capital Leases			
2011	\$ 784,728.28	\$ 0.00	\$ 784,728.28	Not Available	\$ Not Available
2010	1,028,578.29	270,052.42	1,298,630.71	0.25%	98
2009	1,264,380.43	583,347.33	1,847,727.76	0.36%	138
2008	1,492,709.50	778,775.84	2,271,485.34	0.47%	170
2007	1,713,678.62	408,772.27	2,122,450.89	0.46%	161
2006	1,927,699.87	0.00	1,927,699.87	0.44%	147
2005	2,135,035.67	0.00	2,135,035.67	0.50%	163
2004	2,336,284.66	0.00	2,336,284.66	0.57%	179
2003	2,531,664.20	63,267.16	2,594,931.36	0.65%	197
2002	2,721,324.12	214,530.53	2,935,854.65	0.77%	224

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds	Percentage Of Actual Taxable Value Of Property*	Per Capita**
2011	\$ 784,728.28	0.07%	\$ Not Available
2010	1,028,578.29	0.14%	77
2009	1,264,380.43	0.17%	95
2008	1,492,709.50	0.20%	112
2007	1,713,678.62	0.23%	130
2006	1,927,699.87	0.26%	147
2005	2,135,035.67	0.30%	163
2004	2,336,284.66	0.32%	179
2003	2,531,664.20	0.35%	193
2002	2,721,324.12	0.37%	208

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

*See Exhibit J-6 for property tax data.

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2010

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share Of Overlapping Debt</u>
Debt repaid with property taxes:			
Pennsville Township	\$ 7,739,365.00	100.00%	\$ 7,739,365.00
Salem County general obligation debt	40,991,000.00	24.09%	<u>9,875,252.45</u>
Subtotal - overlapping debt			17,614,617.45
District's direct debt			<u>784,728.28</u>
Total direct and overlapping debt			<u><u>\$ 18,399,345.73</u></u>

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Legal debt margin calculation for fiscal year 2011:										
Equalized valuation basis:										
2010	\$ 1,255,357,831.00									
2009	1,334,384,000.00									
2008	1,278,502,647.00									
	<u>\$ 3,868,244,478.00</u>									
Average equalized valuation of taxable property	\$ 1,289,414,826.00									
Debt limit (4% of average equalized value)*	\$ 51,576,593.04									
Total net debt applicable to limit	<u>784,728.28</u>									
Legal debt margin	\$ 50,791,864.76									
Debt limit	\$ 51,576,593.04	\$ 50,423,603.11	\$ 46,358,334.43	\$ 41,008,072.05	\$ 36,643,363.41	\$ 33,076,727.07	\$ 31,296,157.01	\$ 30,197,548.35	\$ 30,802,796.12	\$ 29,520,896.03
Total net debt applicable to limit	784,728.28	1,028,578.29	1,264,380.43	1,492,709.50	1,713,678.62	1,927,699.87	2,135,035.67	2,336,284.66	2,531,664.20	2,721,324.10
Legal debt margin	\$ 50,791,864.76	\$ 49,395,024.82	\$ 45,093,954.00	\$ 39,515,362.55	\$ 34,929,684.79	\$ 31,149,027.20	\$ 29,161,121.34	\$ 27,861,263.69	\$ 28,271,131.92	\$ 26,799,571.93
Total net debt applicable to the limit as a percentage of debt limit	1.52%	2.04%	2.73%	3.64%	4.68%	5.83%	6.82%	7.74%	8.22%	9.22%

Source: 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 a K-12 district; other percentage limits would be applicable for other district types.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population*	Personal Income**	Per Capita Personal Income***	Unemployment Rate****
2010	Not Available	\$ Not Available	\$ Not Available	8.00%
2009	13,303	509,651,233.00	38,311.00	7.60%
2008	13,349	507,569,027.00	38,023.00	4.40%
2007	13,350	485,953,350.00	36,401.00	3.40%
2006	13,195	463,540,350.00	35,130.00	3.40%
2005	13,132	436,941,036.00	33,273.00	3.30%
2004	13,101	429,752,103.00	32,803.00	3.90%
2003	13,079	408,901,856.00	31,264.00	5.00%
2002	13,143	396,524,310.00	30,170.00	4.60%
2001	13,108	383,304,136.00	29,242.00	3.30%

*Population information provided by the New Jersey Department of Labor and Workforce Development.

**Personal income has been estimated based upon the population and per capita personal income presented.

***Per capita personal income by municipality estimated based upon the census published by the U.S. Bureau of Economic Analysis.

****Unemployment data provided by the New Jersey Department of Labor and Workforce Development.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Principal Employers - Salem County
Current Year and Nine Years Ago

Employer	2011		2002	
	Employees	Percentage Of Total Municipal Employment	Employees	Percentage Of Total Municipal Employment
PSEG	1300+	N/A	N/A	N/A
E.I. duPont	1,250	N/A	N/A	N/A
Mannington Mills	826	N/A	N/A	N/A
Memorial Hospital of Salem County	600	N/A	N/A	N/A
Atlantic City Electric	426	N/A	N/A	N/A
R.E. Pierson Construction	400+	N/A	N/A	N/A
Anchor Glass	361	N/A	N/A	N/A
McLane NJ	352	N/A	N/A	N/A
Elmer Hospital	350	N/A	N/A	N/A
Wal-Mart	256	N/A	N/A	N/A
	<u>6121+</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>

Source: Salem County Office of Economic Development

Note: The information provided is for the County of Salem. Information at the municipal level is not available.

N/A - Information not available

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
 Full-Time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction:										
Regular and special education	163.0	166.0	181.0	167.0	172.0	167.0	163.0	160.0	170.0	160.0
Other special education	36.0	38.0	38.0	32.0	28.0	22.0	22.0	20.0	20.0	22.0
Other instruction	13.0	13.0	13.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Support services:										
Student and instruction related services	16.0	16.0	12.0	17.0	16.0	15.0	15.0	11.0	10.0	10.0
General administration	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Other administrative services	5.5	5.5	6.0	6.0	6.0	6.0	2.0	2.0	2.0	2.0
School administrative services	15.5	15.5	20.0	18.0	18.0	18.0	20.0	20.0	20.0	21.0
Business administrative services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Administrative information technology	4.0	4.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0
Plant operations and maintenance	5.5	5.0	31.0	30.0	30.0	30.0	32.0	31.0	34.0	35.0
Total	266.5	270.0	311.0	291.0	291.0	279.0	274.0	264.0	276.0	270.0

Source: District personnel records.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures*	Cost Per Pupil	Percentage Change	Teaching Staff**	Pupil/Teacher Ratio			Average Daily Enrollment***	Average Daily Attendance***	Percentage Change In Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2011	2,038.0	\$ 28,903,240.05	\$ 14,182	4.57%	198	1:12.3	1:11	1:8	1,863.6	1,757.3	-13.85%	94.30%
2010	2,163.1	29,337,694.84	13,563	-9.20%	206	1:12.3	1:11.2	1:9.2	2,163.1	2,032.2	14.60%	93.95%
2009	1,974.5	29,493,585.68	14,937	-1.07%	212	1:12.9	1:11.2	1:9.2	1,887.6	1,789.4	-7.81%	94.80%
2008	2,047.5	30,914,294.86	15,099	6.38%	201	1:13.3	1:11	1:10.2	2,047.5	1,849.3	-0.34%	90.32%
2007	2,054.5	29,160,728.29	14,194	9.38%	202	1:14	1:11.2	1:9.6	2,054.5	1,943.3	-1.73%	94.59%
2006	2,090.6	27,128,554.87	12,976	2.76%	201	1:13.6	1:10.8	1:10.5	2,090.6	1,966.6	2.11%	94.07%
2005	2,048.0	25,862,342.44	12,628	2.46%	198	1:12.8	1:11.4	1:9.5	2,047.5	1,929.5	1.66%	94.24%
2004	2,014.0	24,821,295.25	12,324	12.71%	197	1:11.0	1:10.5	1:9.0	2,014.0	1,899.8	-5.58%	94.33%
2003	2,133.0	23,324,323.58	10,935	N/A	208	1:12.1	1:11.6	1:9.9	2,133.0	1,995.4	-0.97%	93.55%
2002	2,154.0	N/A	N/A	N/A	209	1:12	1:11	1:10	2,154.0	2,003.4	-0.42%	93.01%

Source: District's records.

Note: Enrollment based on annual October district count.

*Operating expenditures equal total expenditures less debt service and capital outlay.

**Teaching staff includes only full-time equivalents of certified staff.

***Average daily enrollment and average daily attendance are obtained from the school register summary.

N/A = Not available.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
District buildings:										
Administrative Offices:										
Square feet	42,096	42,096	42,096	42,096	42,096	42,096	42,096	42,096	42,096	42,096
Capacity (students)	0	0	0	0	0	0	0	0	0	0
Enrollment	0	0	0	0	0	0	0	0	0	0
Elementary:										
Central Park Elementary School (1956):										
Square feet	34,960	34,960	34,960	34,960	34,960	34,960	34,960	34,960	34,960	34,960
Capacity (students)	419	419	419	419	419	419	419	419	419	419
Enrollment	259	259	251	257	264	260	254	258	252	287
Penn Beach Elementary School (1964):										
Square feet	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330
Capacity (students)	514	514	514	514	514	514	514	514	514	514
Enrollment	326	326	365	388	364	358	339	321	291	305
Valley Park Elementary School (1969):										
Square feet	61,132	61,132	61,132	61,132	61,132	61,132	61,132	61,132	61,132	61,132
Capacity (students)	526	526	526	526	526	526	526	526	526	526
Enrollment	321	321	318	320	317	348	325	345	336	348
Middle:										
Pennsville Middle School (1959):										
Square feet	98,938	98,938	98,938	98,938	98,938	98,938	98,938	98,938	98,938	98,938
Capacity (students)	984	984	984	984	984	984	984	984	984	984
Enrollment	473	473	495	502	518	506	534	513	499	537
High:										
Pennsville Memorial High School (1949):										
Square feet	158,426	158,426	158,426	158,426	158,426	158,426	158,426	158,426	158,426	158,426
Capacity (students)	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134
Enrollment	554	554	538	566	584	618	596	577	618	638

Number of schools at June 30, 2011:
 Elementary = 3
 Middle = 1
 High = 1

Source: District facilities office.

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Ten Fiscal Years

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

School Facilities*	Project Number	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
District office	N/A	\$ 49,630.25	\$ 8,004.60	\$ 15,352.61	\$ 28,567.56	\$ 24,125.65	\$ 14,556.11	\$ 5,382.15	\$ 13,990.23	\$ 14,553.00	\$ 40,439.00
Pennsville Memorial High School	N/A	32,530.37	52,048.40	97,311.16	118,760.13	177,057.41	51,661.28	110,680.47	57,707.22	62,843.00	84,717.00
Pennsville Middle School	N/A	16,448.50	26,405.08	25,267.74	71,150.52	39,416.46	19,671.60	98,552.96	26,487.78	13,171.00	45,257.00
Central Park Elementary School	N/A	29,143.17	3,954.52	5,411.46	6,728.34	29,994.92	17,109.21	39,789.20	19,862.41	6,459.00	22,148.00
Penn Beach Elementary School	N/A	117,912.60	28,877.50	37,431.44	30,463.08	62,332.80	25,677.64	80,191.13	47,069.97	4,726.00	25,453.00
Valley Park Elementary School	N/A	48,916.15	30,378.25	47,433.77	16,058.83	25,278.79	24,083.20	9,603.97	11,610.42	14,530.00	27,795.00
Total school facilities		294,601.04	149,668.35	228,208.18	271,728.46	358,206.03	152,759.04	344,199.88	176,728.03	116,282.00	245,809.00
Grand total		\$ 294,601.04	\$ 149,668.35	\$ 228,208.18	\$ 271,728.46	\$ 358,206.03	\$ 152,759.04	\$ 344,199.88	\$ 176,728.03	\$ 116,282.00	\$ 245,809.00

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

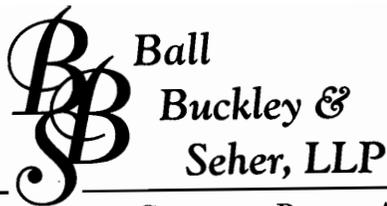
Source: District records.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2011
Unaudited

	GCSSDJIF		
	Coverage	Self Insured Retention	Deductible
School package policy - Gloucester, Cumberland, Salem School Districts Joint Insurance Fund*:			
Property - blanket building and contents	\$ 150,000,000.00	\$ 200,000.00	\$ 500.00
Property valuation:			
Buildings and contents	Replacement Cost	N/A	N/A
Contractors equipment	Actual Cash Value	N/A	N/A
Automobiles	Actual Cash Value	N/A	N/A
General automobile liability	10,000,000.00	150,000.00	None
Boiler and machinery	100,000,000.00	None	1,000.00
Crime	500,000.00	200,000.00	500.00
Educator's legal liability	10,000,000.00	100,000.00	None
Worker's compensation	Statutory	250,000.00	None
Pollution legal liability	3,000,000.00	None	25,000.00
* Excess carriers involved:			
Property and crime		SPELLJIF, Selective Ins. Co. of America, Axis Surplus Insurance Company United National Insurance Company Max Specialty Insurance Company Alliance Global Risk US Insurance Company RSUI Indemnity Company	
General liability and automobile liability		SPELLJIF, Selective Ins. Co. of America	
Workers compensation		SPELLJIF, Selective Ins. Co. of America	
Educator's legal liability		SPELLJIF, Selective Ins. Co. of America	
Group purchase of primary insurance coverage carrier array:			
Boiler and machinery		Travelers Insurance Company	
Pollution legal liability		ACE American Insurance Co.	
Public employees' faithful performance blanket position bond - Selective Insurance Company:			
Board secretary/business administrator	10,000.00	N/A	N/A
Treasurer of school monies	210,000.00	N/A	N/A
Student accident insurance - Monumental Life Insurance Company	5,000,000.00	N/A	None
Flood general policy - Selective Insurance Co. of America			
Building	500,000.00	N/A	50,000.00
Contents	500,000.00	N/A	50,000.00
Volunteer workers policy - AIG Companies	500,000.00	N/A	None

Source: District records.

Single Audit Section



CERTIFIED PUBLIC ACCOUNTANTS



**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**

**(No Material Weaknesses Identified, No Significant Deficiencies Identified,
No Reportable Instances of Noncompliance or Other Matters Identified)**

Honorable President and
Members of the Board of Education
Pennsville Township School District
County of Salem
Pennsville, New Jersey

I have audited the financial statements of the Board of Education of the Pennsville Township School District, County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued my report thereon dated November 30, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Board of Education of the Pennsville Township School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education of the Pennsville Township School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Board of Education of the Pennsville Township School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board of Education of the Pennsville Township School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Board of Education of the Pennsville Township School District's financial statements that is more than inconsequential will not be prevented or detected by the Board of Education of the Pennsville Township School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board of Education of the Pennsville Township School District's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. I noted certain matters that I reported to the Board of Education of the Pennsville Township School District in a separate report entitled Auditor's Management Report On Administrative Findings - Financial, Compliance, and Performance dated November 30, 2011.

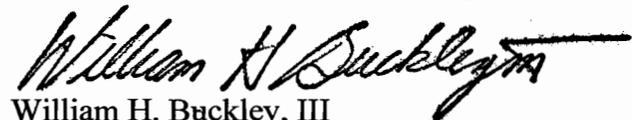
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of the Pennsville Township School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. I noted certain matters that I reported to the Board of Education of the Pennsville Township School District in a separate report entitled Auditor's Management Report on Administrative Findings - Financial, Compliance, and Performance dated November 30, 2011.

This report is intended solely for the information and use of the audit committee, management, the Board of Education of the Pennsville Township School District, the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

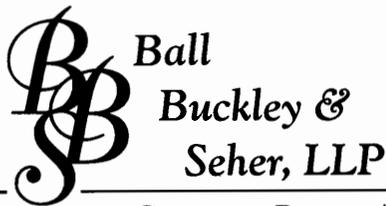
Respectfully submitted,

BALL, BUCKLEY AND SEHER, LLP



William H. Buckley, III
Licensed Public School Accountant No. 86

November 30, 2011



CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04**

**(Unqualified Opinion on Compliance; No Material Weaknesses
Or Significant Deficiencies in Internal Control Over Compliance Identified)**

Honorable President and
Members of the Board of Education
Pennsville Township School District
County of Salem
Pennsville, New Jersey

Compliance

I have audited the compliance of the Board of Education of the Pennsville Township School District, County of Salem, State of New Jersey with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011. The Board of Education of the Pennsville Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education of the Pennsville Township School District's management. My responsibility is to express an opinion on the Board of Education of the Pennsville Township School District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133, and New Jersey OMB's Circular 04-04 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Pennsville Township School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Board of Education of the Pennsville Township School District's compliance with those requirements.

-107-

1301 NORTH BROAD STREET · WOODBURY, NEW JERSEY 08096-1293
TELEPHONE (856) 848-6250 · TELECOPIER (856) 848-0405
EMAIL: ballandbuckley@comcast.net

1252 KINGS HIGHWAY · SWEDESBORO, NEW JERSEY 08085
TELEPHONE (856) 467-4430 · TELECOPIER (856) 467-9548
EMAIL: bbs_swedes2@comcast.net

www.ballbuckleysehercpas.com

In my opinion, the Board of Education of the Pennsville Township School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Board of Education of the Pennsville Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing my audit, I considered the Board of Education of the Pennsville Township School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Board of Education of the Pennsville Township School District's internal control over compliance.

A control deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board of Education of the Pennsville Township School District's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the Board of Education of the Pennsville Township School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the Board of Education of the Pennsville Township School District's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. The Board of Education of the Pennsville Township School District's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the Board of Education of the Pennsville Township School District's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Board of Education of the Pennsville Township School District, the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

BALL, BUCKLEY AND SEHER, LLP



William H. Buckley, III
Licensed Public School Accountant No. 86

November 30, 2011

PENNSYLVANIA TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011		
					Accounts Receivable	Deferred Revenue						Accounts Receivable	Deferred Revenue	
U.S. Department of Agriculture														
Passed-Through State Department of Education:														
Enterprise fund:														
10.555	N/A	07/01/09 - 06/30/10	\$ 171,041.11	\$ 0.00	\$ 0.00	\$ 0.00	\$ 14,984.95	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
10.555	N/A	07/01/10 - 06/30/11	201,778.26	0.00	0.00	0.00	189,381.60	201,778.26	0.00	0.00	0.00	(12,396.66)	0.00	
10.553	N/A	07/01/09 - 06/30/10	5,263.68	0.00	0.00	0.00	662.66	0.00	0.00	0.00	0.00	0.00	0.00	
10.553	N/A	07/01/10 - 06/30/11	6,590.72	0.00	0.00	0.00	6,039.06	6,590.72	0.00	0.00	0.00	(511.66)	0.00	
10.530	N/A	07/01/10 - 06/30/11	27,953.92	0.00	0.00	0.00	27,953.92	27,953.92	0.00	0.00	0.00	0.00	0.00	
Total U.S. Department of Agriculture				\$ 171,041.11	\$ 0.00	\$ 0.00	\$ 14,984.95	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
U.S. Department of Education:														
General fund:														
84.394	ARRA - SFSE - ESF (Educ. State Grants)	N/A	07/01/09 - 06/30/11	1,298,941.00	0.00	0.00	120,676.67	0.00	0.00	0.00	0.00	0.00	0.00	
84.397	ARRA - SFSE - GSF (Government Services)	N/A	07/01/09 - 06/30/11	50,284.00	0.00	0.00	4,634.93	0.00	0.00	0.00	0.00	0.00	0.00	
93.778	Medical assistance program (SEMI)	N/A	07/01/10 - 06/30/11	50,415.76	0.00	0.00	50,415.76	50,415.76	0.00	0.00	0.00	0.00	0.00	
Total general fund				\$ 1,298,941.00	\$ 0.00	\$ 0.00	\$ 175,727.36	\$ 50,415.76	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
U.S. Department of Education														
Passed-Through State Department of Education:														
Special revenue fund:														
84.010A	NCLB407511	09/01/10 - 08/31/11	245,948.00	0.00	0.00	0.00	95,326.00	150,312.36	0.00	0.00	0.00	(54,886.36)	0.00	
84.010A	NCLB407510	09/01/09 - 08/31/10	191,591.00	0.00	0.00	0.00	136,657.41	44,361.61	0.00	0.00	0.00	0.00	647.39	
84.010A	NCLB407509	09/01/08 - 08/31/09	177,212.00	0.00	0.00	0.00	359.00	0.00	0.00	0.00	0.00	0.00	0.00	
84.389	ARRA407510	09/01/09 - 08/31/11	62,304.00	0.00	0.00	0.00	40,314.00	60,306.28	0.14	0.00	0.00	(19,992.28)	0.00	
84.010A	NCLB407509	09/01/08 - 08/31/09	4,265.00	0.00	0.00	0.00	4,265.00	0.00	0.00	0.00	0.00	0.00	0.00	
84.389	ARRA407508	09/01/07 - 08/31/08	5,173.00	0.00	0.00	0.00	5,173.00	0.00	0.00	0.00	0.00	0.00	0.00	
84.367A	ARRA407510	09/01/09 - 08/31/11	3,752.00	0.00	0.00	0.00	0.00	495.00	0.00	0.00	0.00	(495.00)	0.00	
84.367A	NCLB407511	09/01/10 - 08/31/11	70,902.00	0.00	0.00	0.00	51,462.00	58,487.00	0.00	0.00	0.00	(7,025.00)	0.00	
84.318X	NCLB407510	09/01/09 - 08/31/10	67,894.00	0.00	0.00	0.00	13,076.00	3,678.00	0.04	0.00	0.00	(129.00)	0.00	
84.318X	NCLB407511	09/01/10 - 08/31/11	495.00	0.00	0.00	0.00	0.00	129.00	0.00	0.00	0.00	0.00	0.00	
84.365A	NCLB407510	09/01/09 - 08/31/10	883.00	0.00	0.00	0.00	286.00	286.00	0.00	0.00	0.00	0.00	0.00	
84.186A	NCLB407511	09/01/10 - 08/31/11	5,774.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84.027	IDEA407511	09/01/09 - 08/31/10	4,908.00	0.00	0.00	0.00	6,684.00	2,664.93	0.00	0.00	0.00	1,776.00	0.00	
84.027	IDEA407510	09/01/10 - 08/31/11	468,284.00	0.00	0.00	0.00	184,343.00	407,366.28	0.00	0.00	0.00	(223,023.28)	0.00	
84.027	IDEA407511	09/01/09 - 08/31/10	462,746.00	0.00	0.00	0.00	181,574.00	54,250.40	0.00	0.00	0.00	(7,844.40)	0.00	
84.027	IDEA407510	09/01/10 - 08/31/11	21,024.00	0.00	0.00	0.00	8,620.00	19,329.90	0.00	0.00	0.00	(10,909.90)	0.00	
84.391	ARRA407510	09/01/09 - 08/31/10	20,319.00	0.00	0.00	0.00	20,319.00	0.00	0.00	0.00	0.00	0.00	0.00	
84.392	ARRA407511	09/01/09 - 08/31/10	465,200.00	0.00	0.00	0.00	119,624.30	147,866.98	(0.30)	0.00	0.00	(49,759.68)	0.00	
84.184B	Q184B080068	04/01/10 - 03/31/11	16,796.00	0.00	0.00	0.00	2,362.00	2,362.00	0.00	0.00	0.00	(147.24)	0.00	
84.215X	U215X050248	10/01/05 - 09/30/08	497,945.00	0.00	0.00	0.00	51,950.50	25,750.63	0.00	0.00	0.00	0.00	0.00	
Total special revenue fund				\$ 2,459,948.00	\$ 0.00	\$ 0.00	\$ 922,500.21	\$ 978,473.61	\$ 0.00	\$ (0.32)	\$ 0.00	\$ (374,212.14)	\$ 2,423.39	\$ 0.00
Total U.S. Department of Education				\$ 1,098,227.57	\$ 75.00	\$ 0.00	\$ 1,098,227.57	\$ 1,028,889.37	\$ 0.00	\$ (0.32)	\$ 0.00	\$ (374,212.14)	\$ 2,423.39	\$ 0.00
Total federal financial awards				\$ 1,337,249.76	\$ 75.00	\$ 0.00	\$ 1,337,249.76	\$ 1,265,212.27	\$ 0.00	\$ (0.32)	\$ 0.00	\$ (387,160.46)	\$ 2,423.39	\$ 0.00

See accompanying notes to schedule of financial assistance.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Schedule of State Financial Assistance
For the Fiscal Year Ended June 30, 2011

State Grantee/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010		Balance at June 30, 2011		Due to Grantor	Deferred Revenue	Due to Grantor	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	(Accounts Receivable)	Budgetary Receivable	Memo Cumulative Total Expenditures
				Deferred Revenue (Accounts Receivable)	Cash Received	Due to Grantor	Carryover/(Walkover) Amount								
General fund:															
Equalization aid	11-495-034-5120-078	07/01/10 - 06/30/11	6,776,527.00	\$ 0.00	\$ 0.00	\$ 6,143,538.84	\$ 6,776,527.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 632,968.16	\$ 0.00	\$ (632,968.16)	\$ 632,968.16	\$ 6,776,527.00
Categorical special education aid	11-495-034-5120-089	07/01/10 - 06/30/11	924,480.00	0.00	0.00	838,166.16	924,480.00	0.00	0.00	0.00	86,313.84	0.00	(86,313.84)	86,313.84	924,480.00
Equalization aid	10-495-034-5120-078	07/01/09 - 06/30/10	6,086,731.00	0.00	0.00	565,629.77	6,086,731.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,086,731.00
Categorical transportation aid	10-495-034-5120-014	07/01/09 - 06/30/10	444,284.00	0.00	0.00	41,293.00	444,284.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	444,284.00
Categorical special education aid	10-495-034-5120-089	07/01/09 - 06/30/10	969,324.00	0.00	0.00	90,086.15	969,324.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	969,324.00
Security aid	10-495-034-5120-084	07/01/09 - 06/30/10	193,569.00	0.00	0.00	17,949.81	193,569.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	193,569.00
Adult education aid	10-495-034-5120-077	07/01/09 - 06/30/10	26,889.00	0.00	0.00	2,443.87	26,889.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26,889.00
Extracurricular aid	11-100-034-5120-473	07/01/10 - 06/30/11	43,721.00	0.00	0.00	43,721.00	43,721.00	0.00	0.00	0.00	0.00	0.00	(31,236.00)	31,236.00	43,721.00
Extracurricular aid	10-100-034-5120-473	07/01/09 - 06/30/10	43,721.00	0.00	0.00	0.00	43,721.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43,721.00
Transportation cost reimbursement	N/A	07/01/10 - 06/30/11	5,405.68	0.00	0.00	5,405.68	5,405.68	0.00	0.00	0.00	0.00	0.00	(5,405.68)	5,405.68	5,405.68
Transportation cost reimbursement	N/A	07/01/09 - 06/30/10	8,661.00	0.00	0.00	8,661.00	8,661.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,661.00
On-behalf T.P.A.F. pension contributions	11-495-034-5095-001	07/01/10 - 06/30/11	910,362.00	0.00	0.00	0.00	910,362.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	910,362.00
Reimbursed T.P.A.F. social security contributions	11-495-034-5095-002	07/01/10 - 06/30/11	936,608.98	0.00	0.00	891,471.88	936,608.98	0.00	0.00	0.00	45,137.10	0.00	(45,137.10)	45,137.10	936,608.98
Reimbursed T.P.A.F. social security contributions	10-495-034-5095-002	07/01/09 - 06/30/10	927,870.53	0.00	0.00	46,277.13	927,870.53	0.00	0.00	0.00	0.00	0.00	(46,277.13)	46,277.13	927,870.53
Total general fund															
Special revenue fund:															
Work First New Jersey	WFN1200901	10/01/09 - 09/30/10	209,203.00	0.00	0.00	56,789.83	209,203.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	209,203.00
Work First New Jersey	WFN1201001	10/01/10 - 09/30/11	43,526.52	0.00	0.00	43,526.52	43,526.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43,526.52
Juvenile justice commission - learn to earn	J-118-15-05	04/01/07 - 03/31/08	84,668.00	0.00	11,220.04	0.00	41,020.88	0.00	2,505.64	0.00	0.00	11,220.04	0.00	0.00	68,168.41
Juvenile accountability incentive block grant	N/A	07/01/09 - 06/30/10	3,000.00	0.00	0.00	2,259.57	1,845.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,259.57
REBEI grant	N/A	07/01/09 - 06/30/10	2,000.00	0.00	0.00	537.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,537.59
New Jersey trip/public aid:															
Textbook aid	11-100-034-5120-064	07/01/10 - 06/30/11	7,219.00	0.00	0.00	7,219.00	7,073.38	0.00	0.00	145.62	0.00	0.00	0.00	0.00	7,073.38
Textbook aid	10-100-034-5120-064	07/01/09 - 06/30/10	6,836.00	0.00	150.00	0.00	0.00	150.00	0.00	0.00	0.00	0.00	0.00	0.00	6,686.00
Nursing aid	11-100-034-5120-070	07/01/10 - 06/30/11	8,554.00	0.00	0.00	8,554.00	8,554.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,554.00
Auxiliary services:															
Compensatory education	11-100-034-5120-067	07/01/10 - 06/30/11	57,102.00	0.00	0.00	57,102.00	56,348.28	0.00	0.00	753.72	0.00	0.00	0.00	0.00	56,348.28
Compensatory education	10-100-034-5120-067	07/01/09 - 06/30/10	61,997.00	0.00	0.90	6,074.00	6,074.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	61,996.10
Transportation	10-100-034-5120-067	07/01/09 - 06/30/10	7,973.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,074.00
Transportation	10-100-034-5120-067	07/01/09 - 06/30/10	7,973.00	0.00	1.05	0.00	0.00	1.05	0.00	0.00	0.00	0.00	0.00	0.00	7,971.95
Handicapped services:															
Supplementary instruction	11-100-034-5120-066	07/01/10 - 06/30/11	2,779.00	0.00	0.00	2,779.00	2,779.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,779.00
Supplementary instruction	10-100-034-5120-066	07/01/09 - 06/30/10	3,186.00	0.00	798.00	0.00	0.00	798.00	0.00	0.00	0.00	0.00	0.00	0.00	2,388.00
Examination and classification	11-100-034-5120-066	07/01/10 - 06/30/11	5,741.00	0.00	0.00	5,741.00	3,509.54	0.00	0.00	2,231.46	0.00	0.00	0.00	0.00	3,509.54
Examination and classification	10-100-034-5120-066	07/01/09 - 06/30/10	8,592.00	0.00	3,948.93	0.00	0.00	3,948.93	0.00	0.00	0.00	0.00	0.00	0.00	4,643.07
Corrective speech	11-100-034-5120-066	07/01/10 - 06/30/11	8,606.00	0.00	0.00	8,606.00	3,129.00	0.00	0.00	5,477.00	0.00	0.00	0.00	0.00	3,129.00
Corrective speech	10-100-034-5120-066	07/01/09 - 06/30/10	11,657.00	0.00	766.48	0.00	0.00	766.48	0.00	0.00	0.00	0.00	0.00	0.00	10,890.52
Total special revenue fund															
Total special revenue fund															
Debt service fund:															
Debt service aid type II	11-495-034-5095-017	07/01/10 - 06/30/11	72,108.00	0.00	0.00	72,108.00	72,108.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	72,108.00
Total debt service fund															
Total debt service fund															
Enterprise funds:															
National school lunch program	11-100-010-3350-023	07/01/10 - 06/30/11	6,557.23	0.00	0.00	6,134.24	6,557.23	0.00	0.00	0.00	0.00	0.00	(422.99)	422.99	6,557.23
National school lunch program	10-100-010-3350-023	07/01/09 - 06/30/10	8,940.50	0.00	0.00	766.50	766.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,940.50
National school breakfast program	10-100-010-3350-021	07/01/09 - 06/30/10	468.30	0.00	0.00	57.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	468.30
Total enterprise funds															
Total enterprise funds															
Total state financial assistance															
Total state financial assistance															

See accompanying notes to schedules of financial assistance.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2011**

NOTE 1 - GENERAL

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

NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$126,904.00 for the general fund and (\$27,760.34) for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general fund and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund	\$ 50,415.76	\$ 9,711,523.66	\$ 9,761,939.42
Special revenue fund	950,713.27	130,333.08	1,081,046.35
Debt service fund	-	72,108.00	72,108.00
Food service fund	<u>236,322.90</u>	<u>6,557.23</u>	<u>242,880.13</u>
Total awards and financial assistance	<u>\$1,237,451.93</u>	<u>\$ 9,920,521.97</u>	<u>\$11,157,973.90</u>

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2011**

NOTE 4 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 - OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF pension contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2011. 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, 2011.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011**

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

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

X yes _____ no _____ N/A

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

Unqualified Opinion

Internal Control over major programs:

1) Material weakness(es) identified?

_____ yes X no

2) Significant deficiencies identified that were not considered to be material weaknesses?

_____ yes X none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04?

_____ yes X no

Identification of major programs:

<u>GMIS Numbers(s)</u>	<u>Name of State Program</u>
11-495-034-5120-078	Equalization aid
11-495-034-5120-089	Special education categorical aid

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit. See paragraphs 13.15 and 13.35.

Finding 11-0

No Current Year Findings.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies audit findings to be reported by Section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

Federal and State Awards

Finding 11-0

No Current Year Findings or Questioned Costs.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
JUNE 30, 2011**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular Letter 04-04.

Status of Prior Year Findings

Finding 10-0

There were no prior year audit findings.