

**BOARD OF EDUCATION
OF THE
BOROUGH OF PINE HILL
SCHOOL DISTRICT
PINE HILL, NEW JERSEY**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

**BOROUGH OF PINE HILL SCHOOL DISTRICT
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INTRODUCTORY SECTION



December 11, 2015

Honorable President and
Members of the Board of Education
Pine Hill Board of Education
County of Camden, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Pine Hill School District for the fiscal year ending June 30, 2015, 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 Pine Hill Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Pine Hill School District. All disclosures necessary to enable the reader to obtain an understanding of the Pine Hill School 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 Pine Hill School District's organizational chart and a list of principal officials. The financial section includes the general purpose 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 Pine Hill School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Nonprofit Organizations," and the State Treasury Circular Letter 15-08 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:** The Pine Hill School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the Pine Hill School District are included in this report. The Pine Hill Board of Education and all its schools constitute the Pine Hill School District's reporting entity.

The Pine Hill School District provides a full range of educational services appropriate to grade levels preschool through 12. We are in a send/receive relationship with Berlin Township and Clementon for their students in grades 9 to 12.

The Pre-K to fifth grade classrooms are primarily self-contained, and the pupils are grouped heterogeneously. A portion of each day is spent in standards-based instruction in the areas of Reading, Math and Written Language. Students in grades six through twelve follow a traditional schedule with teachers who specialize in their given content area. In addition, pupils are offered programs in Art, Music (Instrumental and Vocal), and programs for Gifted and Talented pupils, Physical Education/Health, Science, Social Studies, World Language and Technology. Efforts are made by the district to identify and provide individual educational plans for pupils who are learning disabled, either in self-contained classrooms, resource centers, or in-class support.

In addition to the variety of instructional programs available to students in Pine Hill, other services are provided. All four schools enjoy the services of a full-time school nurse. The nurses also conduct annual vision screening in grades two, six and ten. Six full time guidance counselors service the needs of children at each school. Additionally, five members create two full Child Study Teams to service the district.

The district's structure is as follows:

Elementary Schools	Pre-K through fifth grade
Middle School	Sixth grade through eighth grade
High School	Ninth grade through twelfth grade

The Pine Hill School District completed the 2014-15 fiscal year with an in-district enrollment of 1933 students. As of June 30, 2015, 60 special education students attended outside placements, and 32 students were out on homebound instruction. The following details the changes in the student enrollment of the Pine Hill School District over the last five years.

Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	2,002	(1.38%)
2011-2012	1,922	(3.99%)
2012-2013	1,915	(0.36%)
2013-2014	1,902	(0.68%)
2014-2015	1,933	1.63%

The Pine Hill Community Education Program makes the district facilities available to the community in a variety of ways, year-round. Community Education courses for adults and children are offered to the community after regular school hours. Community organizations have the use of the buildings and grounds in the evenings for their meetings, practices, activities, etc.

2.) **ECONOMIC CONDITION AND OUTLOOK:**

The Board of Education took a variety of steps to ensure the district's financial resources were used effectively to maintain a high level of educational opportunities for the students. These steps included the following:

- Contracting with EIRC for the Interim Director of Maintenance
- Ensuring all free and reduced lunch and SEMI forms were returned
- Work to reduce overtime
- Evaluation – Maintain McREL Teacher and Principal Evaluation Systems
- Continuing as a choice district for the 2015-2016 school year. Therefore, the additional state aid will help to supplement our revenue.
- Preventative Maintenance of Equipment

3.) **MAJOR INITIATIVES:** The Board of Education identified the following budget priorities around the district goals for the 2015-16 school year budget process:

- Rod Grants
 - Replace 12,883 GSF Roof Level 1- Dr. Albert Bean School
 - Replace 18,000 GSF Roof Level 1 – John Glenn School
- Upgraded Servers
- Dell Equallogic SANS dual controller storage array, 36TB capacity
- Revising our assessments and curriculum to meet the Common Core Standards
- Continued professional development in “Classroom Instruction That Works”
- Professional Development
- PSAT Testing for the Sophomore Class

4.) **INTERNAL ACCOUNTING CONTROLS:** Management of the Pine Hill School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Pine Hill School District are protected from loss, theft or misuse and to ensure 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 and state financial assistance, the Pine Hill School District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the Pine Hill School District management.

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2015.

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

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

- 8.) **DEBT ADMINISTRATION:** As of June 30, 2015 the Pine Hill School District had an outstanding debt of \$ 11,260,000.

- 9.) **CASH MANAGEMENT:** The investment policy of the Pine Hill School District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The Pine Hill School 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.

- 10.) **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 student accident insurance.

- 11.) **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the Board of Education. 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 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and 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.

12.) **ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Pine Hill 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.

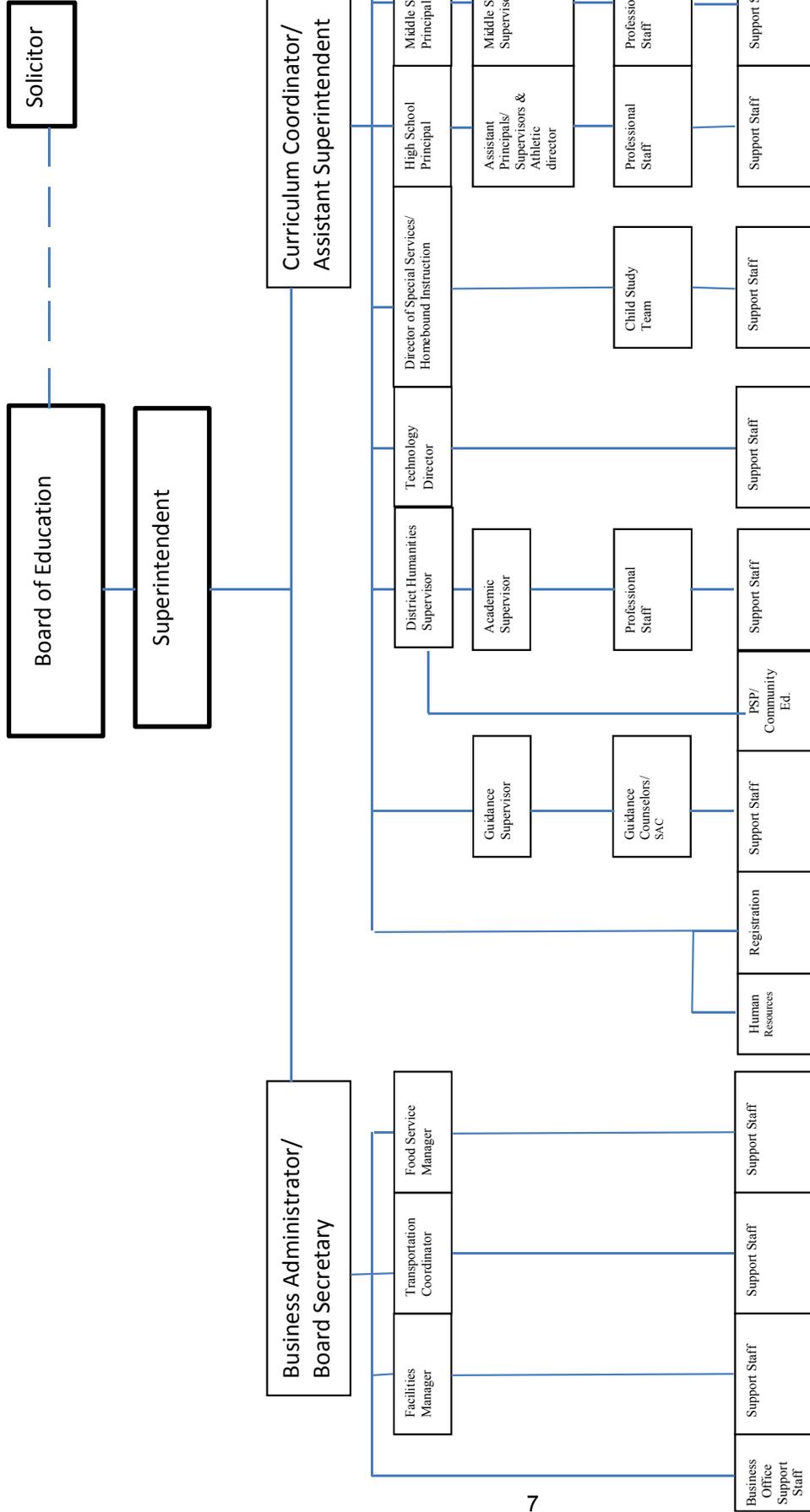
Respectfully submitted,



Dr. Kenneth P. Koczur
Superintendent of Schools



Mark A. Ritter
Interim School Business Administrator



**PINE HILL BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>		<u>Term</u>
Les Gallagher, Jr.	President	2016
Len Cavallaro	Member	2017
Lori Corry	Member	2017
Zipporah Daniels-Browne	Vice-President	2015
Randy Freiling	(Clementon)	2016
Joseph Keyek, Jr.	Member	2015
Lois Parker	Member	2016
Roger Schwartz	Member	2017
Jeffrey Souza	(Berlin)	2016
Barbara Villari-Peters	Member	2015
James Wakeley	Member	2016

SUPERINTENDENT

Kenneth P. Koczur

BOARD SECRETARY/SCHOOL BUSINESS ADMINISTRATOR

Nancy Lane

TREASURER OF SCHOOL MONIES

Thomas Cardis

**PINE HILL BOARD OF EDUCATION
CONSULTANTS AND ADVISORS
JUNE 30, 2015**

INDEPENDENT AUDITOR

Bowman & Company LLP
601 White Horse Rd
Voorhees, NJ 08043

ATTORNEY

Parker McCay
9000 Midlantic Dr. #300
Mt. Laurel, NJ 08054
Frank Cavallo, Tracey Schneider

OFFICIAL DEPOSITORS

Audubon Savings Bank
Beneficial Bank

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Pine Hill School District
County of Camden
1003 Turnerville Road
Pine Hill, New Jersey 08021

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Pine Hill School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Pine Hill School District in the County of Camden, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2015, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Prior Period Restatement

Because of the implementation of GASB Statements No. 68 and No. 71, net position as of June 30, 2014 on the statement of activities has been restated, as discussed in note 22 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Pine Hill School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015 on our consideration of the Borough of Pine Hill School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Pine Hill School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Daniel M. DiGangi
Certified Public Accountant
Public School Accountant No. CS 002376

Voorhees, New Jersey
December 11, 2015

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Pine Hill School District
County of Camden
1003 Turnerville Road
Pine Hill, New Jersey 08021

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Pine Hill School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 11, 2015. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of new accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Public School Accountant No. CS 002376

Voorhees, New Jersey
December 11, 2015

REQUIRED SUPPLEMENTARY INFORMATION
PART I

PINE HILL BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

The management's discussion and analysis of the Pine Hill School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015 and 2014. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2015:

- During the fiscal year ended June 30, 2015 the School District was required to implement Governmental Accounting Standard Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions*, see below discussion. In addition, the notes to the financial statements provide a more through discussion of the implementation of GASB 68 and the effects to the financial statements.
- The liabilities the Pine Hill School District exceeded its assets at the close of the most recent fiscal year by \$457,557 (net position).
- The School District's total net position increased by \$2,091,630. This increase is primarily attributable to the Pine Hill School District's decrease in long-term liabilities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$3,032,755, an increase of \$622,668 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund had a deficit of \$888,910, which is a decrease of \$37,205 in comparison with the prior year.
- The Pine Hill School District's total bonded debt decreased by \$1,595,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

PINE HILL BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited) (Cont'd)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

Government-Wide Statements

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

The two government-wide statements report the School District's net position and how they have changed. Net position is the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources and is one way to measure the School District's financial health or position. An increase or decrease in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health or position of the School District, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

The School District has three kinds of funds:

- *Governmental funds* – The School District's basic services are included in governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary funds* – These funds represent charges or fees for such activities as food services and parent saver program services.
- *Fiduciary funds* – The School District is the trustee for assets that belong to others. The unemployment, payroll and student activities are maintained in this fund. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. These funds are not included in the government-wide financial statements since the School District is not permitted to use these assets in the School District operation.

PINE HILL BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position for fiscal years 2015 and 2014.

TABLE 1				
Net Position				
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 3,341,564	\$ 2,772,522	\$ 569,042	20.52%
Capital Assets	18,354,849	18,954,021	(599,173)	-3.16%
Total Assets	<u>21,696,413</u>	<u>21,726,544</u>	<u>(30,131)</u>	<u>-0.14%</u>
Deferred Outflows of Resources:				
Related to Pensions	646,707		646,707	100.00%
Deferred Loss on Refunding	477,665	583,813	(106,148)	-18.18%
Total Deferred Outflows of Resources	<u>1,124,372</u>	<u>583,813</u>	<u>540,559</u>	<u>92.59%</u>
Liabilities:				
Long-Term Liabilities	22,183,961	15,948,792	6,235,169	39.09%
Other Liabilities	503,967	209,833	294,134	140.18%
Total Liabilities	<u>22,687,928</u>	<u>16,158,625</u>	<u>6,529,303</u>	<u>40.41%</u>
Deferred Inflow of Resources - Related to Pensions	590,415	-	590,415	100.00%
Net Position:				
Net Investment in Capital Assets	6,740,602	5,663,458	1,077,143	19.02%
Restricted	3,407,282	2,748,339	658,943	23.98%
Unrestricted (Deficit)	(10,605,441)	(2,260,065)	(8,345,376)	369.25%
	(457,557)	6,151,732	(6,609,290)	-107.44%
Restatement to Record the School District's Net Pension Liability and Pension Related Deferred Outflows of Resources per GASB 68	-	(8,700,920)	8,700,920	-100.00%
Total Net Position	<u>\$ (457,557)</u>	<u>\$ (2,549,188)</u>	<u>\$ 2,091,630</u>	<u>-82.05%</u>

Table 2 provides an illustration of the impact of the School District's Net Position for the implementation of GASB 68.

TABLE 2
Statement of Net Position - Effect of Pension Related Items

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 646,707		\$ 646,707.00	100.00%
Less: Net Pension Liability	(8,420,995)	\$ (8,700,920)	279,925	-3.22%
Less: Deferred Inflows Related to Pensions	(590,415)		(590,415)	-100.00%
	<u>\$ (8,364,703)</u>	<u>\$ (8,700,920)</u>	<u>\$ 336,217</u>	<u>-3.86%</u>

PINE HILL BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Table 3 reflects changes in net position for fiscal years 2015 and 2014.

TABLE 3
Change in Net Position

Revenues:	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 5,693,066	\$ 6,177,323	\$ (484,256)	-7.84%
Operating Grants and Contributions	5,231,737	4,648,522	583,215	12.55%
General Revenues:				
Property Taxes	11,341,206	11,137,781	203,425	1.83%
Grants and Contributions	17,306,432	16,831,407	475,024	2.82%
Other	206,020	128,031	77,989	60.91%
	<u>39,778,461</u>	<u>38,923,064</u>	<u>855,397</u>	<u>2.20%</u>
Expenses:				
Instruction:				
Regular	9,245,693	9,837,854	(592,161)	-6.02%
Special Education	4,011,384	4,147,992	(136,608)	-3.29%
Other Special Instruction	379,479	363,787	15,692	0.00%
Other Instruction	644,923	602,570	42,352	7.03%
Tuition	2,502,370	1,873,790	628,580	33.55%
Student Services:				
Student and Instruction Related	3,480,611	3,413,942	66,669	1.95%
School Administrative Services	1,246,654	1,204,866	41,788	3.47%
Other Administrative Services	928,367	884,174	44,193	5.00%
Plant Operations and Maintenance	3,051,042	3,234,003	(182,961)	-5.66%
Pupil Transportation	1,298,972	1,177,550	121,421	10.31%
Allocated and Unallocated Benefits	5,466,577	5,338,858	127,719	2.39%
Reimbursed TPAF Pension and Social Security	3,103,717	2,716,471	387,246	14.26%
Transfer to Charter Schools	186,007	140,004	46,003	32.86%
Payment of Bond Issuance Costs		101,241	(101,241)	-100.00%
Interest on Long-Term Debt	386,356	412,274	(25,918)	-6.29%
Unallocated Depreciation	556,077	698,058	(141,981)	-20.34%
Food Service	969,612	934,983	34,629	3.70%
Parent Saver Program	228,992	202,874	26,118	12.87%
Community Education		12,636	(12,636)	-100.00%
	<u>37,686,830</u>	<u>37,297,927</u>	<u>373,212</u>	<u>1.00%</u>
Increase (Decrease) in Net Position	2,091,630	1,625,137	482,185	0.30
Beginning Net Position	<u>(2,549,188)</u>	<u>4,526,595</u>	<u>(7,075,783)</u>	<u>-156.32%</u>
Ending Net Position, Prior to Restatement	(457,557)	6,151,732	(6,593,598)	-107.18%
Restatement to Record the School District's Net Pension Liability and Pension Related Deferred Outflows of Resources per GASB 68	-	(8,700,920)	8,700,920	-100.00%
Ending Net Position	<u>\$ (457,557)</u>	<u>\$ (2,549,188)</u>	<u>\$ 2,107,322</u>	<u>-82.67%</u>

PINE HILL BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Governmental Activities

In 2014-2015, Governmental Activities Revenues were \$38,574,046 or 96.97% of total revenues.

In 2013-2014, Governmental Activities Revenues were \$37,742,760 or 96.97% of total revenues.

In 2014-2015, General Revenues - Property Taxes of \$11,341,206 made up 28.51%, and General Revenues – Grants and Contributions of \$17,306,432 made up 43.51% of total revenues.

In 2013-2014, General Revenues - Property Taxes of \$11,137,781 made up 28.61%, and General Revenues – Grants and Contributions of \$16,831,407 made up 43.24% of total revenues.

In 2014-2015, the School District's Governmental Activities expenditures increased by \$340,793 or .94%.

Business-Type Activities

In 2014-2015 Business-Type Activities Revenues were \$1,212,835 or 3.05% of total revenues. In 2013-14 Business-Type Activities Revenues were \$1,180,304 or 3.03% of total revenues.

Charges for Services for Business-Type Activities were \$542,822 in 2014-2015 compared to \$570,595 in 2013-2014, a 4.87% decrease.

Expenses for Business-Type Activities were \$1,198,604 in 2014-2015 compared to \$1,150,494 in 2013-2014, a 4.18% increase.

General Fund Budgeting Highlights

The final budgetary basis revenue estimate was \$32,484,716, which was equal to the original budget.

The 2014-2015 General Fund Tax Levy was \$10,534,434, an increase of \$206,558 or 2.00% from the 2013-2014 General Fund Tax Levy of \$10,327,876.

During fiscal year 2015, the School District budgeted \$10,534,434 for property taxes (local tax levy) and \$16,382,538 for state aid revenues.

The School District also received \$1,024,254 and \$2,079,463 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical and Pension Contributions, respectively. The Pine Hill School District's expenditures also include the reimbursed TPAF Social Security Aid and On-behalf T.P.A.F. Pension and Medical Contributions of \$1,024,254 and \$2,079,463 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

The final budgetary basis expenditure appropriation estimate was \$33,901,199, which was equal to the original budget.

PINE HILL BOROUGH SCHOOL DISTRICT
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2015
 (Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$3,032,755, an increase of \$622,668 in comparison with the prior year.

Of the combined ending fund balances of \$3,032,755, \$889,202 constitutes unassigned fund balance deficits. The remainder of fund balance of \$3,921,957 is restricted or assigned for various purposes.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary funds had \$227,839 in unrestricted net position.

CAPITAL ASSETS

The Pine Hill School District's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$18,354,849 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, and equipment. There was a net decrease in the Pine Hill School District's investment in capital assets for the current fiscal year of 3.16 percent. The net decrease was the result of depreciation. Table 4 reflects the capital assets.

TABLE 4
 Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Land	\$ 400,000	\$ 400,000
Construction in Progress	6,434,723	6,434,723
Land Improvements	498,083	550,979
Building and Improvements	10,539,945	11,031,173
Furniture, Fixtures and Equipment	<u>482,097</u>	<u>537,145</u>
 Total Capital Assets	 <u>\$ 18,354,849</u>	 <u>\$ 18,954,021</u>

Depreciation expense was \$656,230 for fiscal year ended 2015 and \$821,387 for fiscal year ended 2014.

DEBT ADMINISTRATION

Long-term Debt - At the end of the current fiscal year, the Pine Hill School District had total bonded debt outstanding of \$11,260,000. The entire Pine Hill School District's bonded debt is governmental as opposed to business-type. The 2016 adopted budget has an appropriation of \$1,560,000 representing the payment of the annual principal. The 2012 and 2014 refunding bonds will mature on December 15, 2032 and May 1, 2019, respectively.

PINE HILL BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited) (Cont'd)

FACTORS ON THE DISTRICT'S FUTURE

For the 2014-15 school year, the Pine Hill School District was able to sustain its budget through the township tax levy, federal aid, state aid and miscellaneous revenue sources. 28.51 percent of total revenue is from local tax levy and 56.66 percent of the Pine Hill School District's revenue is from federal and state aid (restricted and not restricted).

In conclusion, the Pine Hill Board of Education and Administration have committed themselves to financial excellence for many years. Additionally, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District will continue with sound fiscal management to meet the challenge of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mark Ritter, Interim Business Administrator/Board Secretary at the Pine Hill School District, 1003 Turnerville Road, Pine Hill, New Jersey 08021. Please visit our website at <http://www.pinehill.k12.nj.us>.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF PINE HILL SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 1,580,492.73	\$ 301,768.28	\$ 1,882,261.01
Receivables, net	1,037,173.05	40,799.31	1,077,972.36
Inventory		10,040.16	10,040.16
Restricted Cash and Cash Equivalents	371,290.49		371,290.49
Capital Assets, net (Note 7)	<u>18,251,076.27</u>	<u>103,772.52</u>	<u>18,354,848.79</u>
Total Assets	<u>21,240,032.54</u>	<u>456,380.27</u>	<u>21,696,412.81</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 10)	646,707.00		646,707.00
Deferred Loss on Refunding	<u>477,665.39</u>		<u>477,665.39</u>
Total Deferred Outflows	<u>1,124,372.39</u>	<u>-</u>	<u>1,124,372.39</u>
LIABILITIES:			
Accounts Payable	453,128.54		453,128.54
Internal Balances	(118,190.80)	118,190.80	
Accrued Interest	41,090.71		41,090.71
Unearned Revenue	3,169.39	6,577.91	9,747.30
Noncurrent Liabilities (Note 8):			
Due within One Year	2,067,096.95		2,067,096.95
Due beyond One Year	<u>20,116,864.08</u>		<u>20,116,864.08</u>
Total Liabilities	<u>22,563,158.87</u>	<u>124,768.71</u>	<u>22,687,927.58</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	<u>590,415.00</u>	<u>-</u>	<u>590,415.00</u>
NET POSITION:			
Net Investment in Capital Assets	6,636,829.31	103,772.52	6,740,601.83
Restricted for:			
Debt Service	90,575.55		90,575.55
Capital Projects	247,522.65		247,522.65
Other Purposes	3,069,183.39		3,069,183.39
Unrestricted (Deficit)	<u>(10,833,279.84)</u>	<u>227,839.04</u>	<u>(10,605,440.80)</u>
Total Net Position	<u>\$ (789,168.94)</u>	<u>\$ 331,611.56</u>	<u>\$ (457,557.38)</u>

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 9,245,692.72	\$ 5,150,244.12	\$ 826,938.45		\$ (4,095,448.60)	\$ (4,095,448.60)	
Special Education	4,011,383.51				(3,184,445.06)	(3,184,445.06)	
Other Special Instruction	379,478.54				(379,478.54)	(379,478.54)	
Other Instruction	644,922.54				(644,922.54)	(644,922.54)	
Tuition	2,502,369.56		354,175.70		(2,148,193.86)	(2,148,193.86)	
Support Services:							
Student and Instruction Related Services	3,480,610.94		132,640.52		(3,347,970.42)	(3,347,970.42)	
School Administrative Services	1,246,654.19				(1,246,654.19)	(1,246,654.19)	
Other Administrative Services	928,366.99				(928,366.99)	(928,366.99)	
Plant Operations and Maintenance	3,051,042.16		313.50		(3,051,042.16)	(3,051,042.16)	
Pupil Transportation	1,298,971.55		50,000.00		(1,298,658.05)	(1,298,658.05)	
Unallocated Benefits	5,466,577.14		3,103,716.84		(5,416,577.14)	(5,416,577.14)	
Reimbursed TPAF and Social Security	186,007.00				(186,007.00)	(186,007.00)	
Transfer to Charter School	386,355.89		94,106.43		(292,249.46)	(292,249.46)	
Interest on Long-Term Debt	556,076.55				(556,076.55)	(556,076.55)	
Unallocated Depreciation							
Total Governmental Activities	36,488,226.12	5,150,244.12	4,561,891.44	-	(26,776,090.56)	(26,776,090.56)	
Business-Type Activities:							
Food Service	969,612.30	316,119.45	669,845.46		\$ 16,352.61	\$ 16,352.61	
Parent Saver Program	228,991.97	226,702.76			(2,289.21)	(2,289.21)	
Total Business-Type Activity	1,198,604.27	542,822.21	669,845.46	-	14,063.40	14,063.40	
Total Primary Government	\$ 37,686,830.39	\$ 5,693,066.33	\$ 5,231,736.90	-	(26,776,090.56)	(26,762,027.16)	
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					10,534,434.00	10,534,434.00	
Taxes Levied for Debt Service					806,772.00	806,772.00	
Federal and State Aid Not Restricted					16,661,076.15	16,661,076.15	
Federal and State Aid Restricted					645,355.47	645,355.47	
Miscellaneous Income					205,852.14	205,852.14	
Operating Transfers					8,421.07	(8,421.07)	
Total General Revenues, Special Items, Extraordinary Items and Transfers					28,861,910.83	28,853,400.00	
Change in Net Position					2,085,820.27	5,810.00	
Net Position -- July 1 (Restated)					(2,874,989.21)	(2,549,187.65)	
Net Position -- June 30					\$ (789,168.94)	\$ (457,557.38)	

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

FUND FINANCIAL STATEMENTS

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 1,580,492.73		\$ 247,522.65	\$ 123,767.84	\$ 1,951,783.22
Receivables, net:					
Interfunds Receivable:					
Enterprise Fund	118,190.80				118,190.80
Unemployment Compensation Trust Fund	18,629.61				18,629.61
Special Revenue Fund	364,204.23				364,204.23
Receivables from Other Governments:					
State of New Jersey	291,651.78				291,651.78
Federal	22,703.12	\$ 367,080.22			389,783.34
Other Receivables	337,108.32				337,108.32
Total Assets	<u>\$ 2,732,980.59</u>	<u>\$ 367,080.22</u>	<u>\$ 247,522.65</u>	<u>\$ 123,767.84</u>	<u>\$ 3,471,351.30</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 71,222.54				\$ 71,222.54
Interfunds Payable:					
General Fund		\$ 364,204.23			364,204.23
Unearned Revenue		3,169.39			3,169.39
Total Liabilities	<u>71,222.54</u>	<u>367,373.62</u>	<u>-</u>	<u>-</u>	<u>438,596.16</u>
Fund Balances:					
Restricted:					
Capital Reserve	\$ 40,253.13				40,253.13
Capital Reserve -- Designated for Subsequent Year's Expenditures	1,401,266.00				1,401,266.00
Maintenance Reserve	800,054.90				800,054.90
Maintenance Reserve -- Designated for Subsequent Year's Expenditures	50,000.00				50,000.00
Excess Surplus Designed for Subsequent Year's Expenditures	190,502.38				190,502.38
Capital Projects			\$ 247,522.65		247,522.65
Debt Service				\$ 84,293.84	84,293.84
Debt Service -- Designated for Subsequent Year's Expenditures				39,474.00	39,474.00
Assigned:					
Other Purposes	481,483.59				481,483.59
Subsequent Year's Expenditures	564,329.62				564,329.62
Subsequent Year's Expenditures -- SEMI ARRA	22,777.36				22,777.36
Unassigned	(888,908.93)	(293.40)			(889,202.33)
Total Fund Balances	<u>2,661,758.05</u>	<u>(293.40)</u>	<u>247,522.65</u>	<u>123,767.84</u>	<u>3,032,755.14</u>
Total Liabilities and Fund Balances	<u>\$ 2,732,980.59</u>	<u>\$ 367,080.22</u>	<u>\$ 247,522.65</u>	<u>\$ 123,767.84</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$35,728,915.39 and the accumulated depreciation is \$17,477,839.12.	18,251,076.27
Deferred losses on the defeasance of bonds is recorded as a deferred outflow of resources in the Statement of Net Position and amortized over the life of the refunding bonds.	477,665.39
Interest on long term debt is accrued on the Statement of Net Position regardless when due.	(41,090.71)
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.	(22,183,961.03)
Accounts Payable related to the April 1, 2016 Required PERS pension contribution that is not to be liquidated with current financial resources.	(381,906.00)
Deferred Outflows of Resources - Related to Pensions	646,707.00
Deferred Inflows of Resources - Related to Pensions	(590,415.00)
Net Position of governmental activities	<u>\$ (789,168.94)</u>

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 10,534,434.00			\$ 806,772.00	\$ 11,341,206.00
Tuition	5,150,244.12				5,150,244.12
Miscellaneous	197,888.64		\$ 7,963.50		205,852.14
Other Local Revenue		\$ 29,382.33			29,382.33
State Sources	19,576,655.94	222,242.90		738,671.00	20,537,569.84
Federal Sources	188,137.05	1,113,233.84			1,301,370.89
Total Revenues	<u>35,647,359.75</u>	<u>1,364,859.07</u>	<u>7,963.50</u>	<u>1,545,443.00</u>	<u>38,565,625.32</u>
EXPENDITURES:					
Regular Instruction	9,500,090.82				9,500,090.82
Special Education Instruction	3,293,189.77	826,938.45			4,120,128.22
Other Special Instruction	379,478.54				379,478.54
Other Instruction	644,922.54				644,922.54
Tuition	2,148,193.86	354,175.70			2,502,369.56
Support Services and Undistributed Costs:					
Student and Instruction Related Services	3,347,970.42	132,640.52			3,480,610.94
School Administrative Services	1,246,654.19				1,246,654.19
Other Administrative Services	986,832.62				986,832.62
Plant Operations and Maintenance	3,524,918.85				3,524,918.85
Pupil Transportation	1,283,979.62	313.50			1,284,293.12
Unallocated Benefits	5,414,764.24	50,000.00			5,464,764.24
Reimbursed TPAF Pension, Medical and Social Security	3,103,716.84				3,103,716.84
Transfer to Charter Schools	186,007.00				186,007.00
Debt Service:					
Principal				1,275,000.00	1,275,000.00
Interest and Other Charges				186,150.00	186,150.00
Capital Outlay	65,440.66				65,440.66
Total Expenditures	<u>35,126,159.97</u>	<u>1,364,068.17</u>	<u>-</u>	<u>1,461,150.00</u>	<u>37,951,378.14</u>
Excess (Deficiency) of Revenues over Expenditures	<u>521,199.78</u>	<u>790.90</u>	<u>7,963.50</u>	<u>84,293.00</u>	<u>614,247.18</u>
OTHER FINANCING SOURCES (USES):					
Transfers in from Community Education	8,421.07	-	-	-	8,421.07
Net Change in Fund Balances	529,620.85	790.90	7,963.50	84,293.00	622,668.25
Fund Balance -- July 1	2,132,137.20	(1,084.30)	239,559.15	39,474.84	2,410,086.89
Fund Balance -- June 30	<u>\$ 2,661,758.05</u>	<u>\$ (293.40)</u>	<u>\$ 247,522.65</u>	<u>\$ 123,767.84</u>	<u>\$ 3,032,755.14</u>

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2015

Total Net Change in Fund Balances - Governmental Funds	\$	622,668.25
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	\$	(635,362.36)
Debt Service Assessment Charged to Capital Outlay		(8,383.00)
Capital Outlays		<u>65,440.66</u>
		(578,304.70)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities.		
		1,595,000.00
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.		
Amortization of Loss on Refunding Bonds		(106,147.86)
Amortization of Bond Premiums		74,782.11
		(31,365.75)
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. (+)		
		7,467.86
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		359,485.60
Repayment of the Early Retirement Incentive Program is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the Statement of Activities.		
		43,876.10
Repayment of capital leases is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the Statement of Activities.		
		112,681.91
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		<u>(45,689.00)</u>
Change in Net Position of Governmental Activities	\$	<u>2,085,820.27</u>

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Net Position
 June 30, 2015

	<u>Food Service</u>	<u>Parent Saver Program</u>	<u>Community Education</u>	<u>Total</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 100,413.37	\$ 201,354.91		\$ 301,768.28
Accounts Receivable:				
State	582.34			582.34
Federal	36,207.62			36,207.62
Other	4,009.35			4,009.35
Inventories	10,040.16			10,040.16
Total Current Assets	<u>151,252.84</u>	<u>201,354.91</u>	<u>-</u>	<u>352,607.75</u>
Noncurrent Assets:				
Furniture, Fixtures and Equipment	775,970.00			775,970.00
Less Accumulated Depreciation	(672,197.48)			(672,197.48)
Total Noncurrent Assets	<u>103,772.52</u>	<u>-</u>	<u>-</u>	<u>103,772.52</u>
Total Assets	<u>255,025.36</u>	<u>201,354.91</u>	<u>-</u>	<u>456,380.27</u>
LIABILITIES:				
Current Liabilities:				
Interfund Accounts Payable:				
Due General Fund	1,660.19	116,530.61		118,190.80
Unearned Revenue	6,577.91			6,577.91
Total Liabilities	<u>8,238.10</u>	<u>116,530.61</u>	<u>-</u>	<u>124,768.71</u>
NET POSITION:				
Net Investment in Capital Assets	103,772.52			103,772.52
Unrestricted	143,014.74	84,824.30		227,839.04
Total Net Position	<u>\$ 246,787.26</u>	<u>\$ 84,824.30</u>	<u>-</u>	<u>\$ 331,611.56</u>

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>	<u>Parent Saver Program</u>	<u>Community Education</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$ 159,744.47			\$ 159,744.47
School Breakfast Program	12,353.90			12,353.90
Special Milk Program	1,779.35			1,779.35
Daily Sales - Non-Reimbursable Programs	129,962.87			129,962.87
Special Functions	12,278.86			12,278.86
Program Fees		\$ 226,702.76		226,702.76
Total Operating Revenues	<u>316,119.45</u>	<u>226,702.76</u>	<u>-</u>	<u>542,822.21</u>
OPERATING EXPENSES:				
Salaries	303,779.87	117,032.08		420,811.95
Employee Benefits	81,027.56	17,747.28		98,774.84
Management Fee	43,642.81			43,642.81
General Supplies	42,760.77	13,135.76		55,896.53
Depreciation	20,867.98			20,867.98
Other Purchased Services	23,403.17	21,775.00		45,178.17
Purchased Property Services		27,000.00		27,000.00
Cost of Sales	450,973.09			450,973.09
Miscellaneous	3,157.05	32,301.85		35,458.90
Total Operating Expenses	<u>969,612.30</u>	<u>228,991.97</u>	<u>-</u>	<u>1,198,604.27</u>
Operating Income / (Loss)	<u>(653,492.85)</u>	<u>(2,289.21)</u>	<u>-</u>	<u>(655,782.06)</u>
NONOPERATING REVENUES (EXPENSES):				
State Sources:				
State School Lunch Program	11,078.67			11,078.67
Federal Sources:				
National School Lunch Program	447,011.78			447,011.78
After School Snack Program	27,590.54			
National School Breakfast Program	119,532.69			119,532.69
Special Milk Program	1,827.15			1,827.15
Food Distribution Program	62,804.63			62,804.63
Interest Revenue	88.48	79.19		167.67
Total Nonoperating Revenues (Expenses)	<u>669,933.94</u>	<u>79.19</u>	<u>-</u>	<u>670,013.13</u>
Income (Loss) before Contributions and Transfers	16,441.09	(2,210.02)		14,231.07
Transfers Out -- General Fund	<u>-</u>	<u>-</u>	\$ (8,421.07)	<u>(8,421.07)</u>
Change in Net Position	16,441.09	(2,210.02)	(8,421.07)	5,810.00
Net Position -- July 1	<u>230,346.17</u>	<u>87,034.32</u>	<u>8,421.07</u>	<u>325,801.56</u>
Net Position -- June 30	<u>\$ 246,787.26</u>	<u>\$ 84,824.30</u>	<u>-</u>	<u>\$ 331,611.56</u>

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Proprietary Fund
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>	<u>Parent Saver Program</u>	<u>Community Education</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 312,991.06	\$ 232,243.59		\$ 545,234.65
Payments to Employees	(361,921.06)	(117,032.08)		(478,953.14)
Payments for Employee Benefits	(94,473.28)	(17,747.28)		(112,220.56)
Payments for Supplies and Services	<u>(641,565.74)</u>	<u>(94,212.61)</u>		<u>(735,778.35)</u>
Net Cash Provided by (used for) Operating Activities	<u>(784,969.02)</u>	<u>3,251.62</u>	<u>-</u>	<u>(781,717.40)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
State Sources	11,021.29			11,021.29
Federal Sources	653,151.23			653,151.23
Operating Subsidies and Transfers		<u>54,972.45</u>	<u>\$ (8,421.07)</u>	<u>46,551.38</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>664,172.52</u>	<u>54,972.45</u>	<u>(8,421.07)</u>	<u>710,723.90</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	<u>88.48</u>	<u>79.19</u>	<u>-</u>	<u>167.67</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(120,708.02)</u>	<u>58,303.26</u>	<u>(8,421.07)</u>	<u>(70,825.83)</u>
Cash and Cash Equivalents -- July 1	<u>221,121.39</u>	<u>143,051.65</u>	<u>8,421.07</u>	<u>372,594.11</u>
Cash and Equivalents -- June 30	<u>\$ 100,413.37</u>	<u>\$ 201,354.91</u>	<u>-</u>	<u>\$ 301,768.28</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (653,492.85)	\$ (2,289.21)		\$ (655,782.06)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Depreciation and Net Amortization	20,867.98			20,867.98
(Increase) Decrease in Inventories	81.30			81.30
Increase (Decrease) in Accounts Payable	(149,297.06)			(149,297.06)
Increase (Decrease) in Unearned Revenue	(2,297.42)	(400.13)		(2,697.55)
(Increase) Decrease in Accounts Receivable	<u>(830.97)</u>	<u>5,940.96</u>		<u>5,109.99</u>
Total Adjustments	<u>(131,476.17)</u>	<u>5,540.83</u>	<u>-</u>	<u>(125,935.34)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (784,969.02)</u>	<u>\$ 3,251.62</u>	<u>-</u>	<u>\$ (781,717.40)</u>

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2015

	<u>Trust Funds</u>	<u>Agency Funds</u>		
	Unemployment Compensation <u>Trust</u>	Student Activity	Payroll	<u>Total</u>
ASSETS:				
Cash and Cash Equivalents	\$ 50,521.60	\$ 197,978.44	\$ 26,148.49	\$ 274,648.53
Accounts Receivable:				
Interfund Accounts Receivable:				
Due Payroll Fund	491.92	-	-	491.92
Total Assets	<u>51,013.52</u>	<u>\$ 197,978.44</u>	<u>\$ 26,148.49</u>	<u>275,140.45</u>
LIABILITIES:				
Accounts Payable	3,739.51			3,739.51
Interfund Accounts Payable:				
Due General Fund	18,629.61			18,629.61
Due Unemployment Fund			\$ 491.92	491.92
Payable to Student Groups		\$ 197,978.44		197,978.44
Payroll Deductions and Withholdings			25,656.57	25,656.57
Total Liabilities	<u>22,369.12</u>	<u>\$ 197,978.44</u>	<u>\$ 26,148.49</u>	<u>246,496.05</u>
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 28,644.40</u>			<u>\$ 28,644.40</u>

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2015

	Unemployment Compensation <u>Trust</u>
ADDITIONS:	
Contributions and Donations from Payroll Deductions Withheld	\$ 32,563.20
Investment Earnings:	
Interest	<u>50.16</u>
Total Additions	<u>32,613.36</u>
DEDUCTIONS:	
Unemployment Claims	<u>37,245.59</u>
Total Deductions	<u>37,245.59</u>
Change in Net Position	(4,632.23)
Net Position -- July 1	<u>33,276.63</u>
Net Position -- June 30	<u><u>\$ 28,644.40</u></u>

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Pine Hill School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms and two members from the sending districts. These terms for the nine members are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Pre-Kindergarten through twelve at its four schools. The School District has an approximate enrollment at June 30, 2015 of 1,933.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units

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

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

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

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

Based upon the application of these criteria, the School District has no component units, and is not a component unit of another governmental agency.

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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 is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

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

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

The School District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

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

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

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

The School District reports the following major proprietary funds:

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

Parent Saver Fund - This fund accounts for the financial activity related to providing day care services for School District students before school and after school.

Community Education Fund - This fund accounts for the financial activity related to the District's community education program. Operations for this fund were discontinued as of July 1, 2014.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains a student activity fund and payroll fund.

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

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

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

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

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

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

Inventories

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

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed. Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Short-Term Interfund Receivables / Payables**

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

Capital Assets

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

Capital Assets (Cont'd)

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 - 20 Years
Buildings and Improvements	20 - 50 Years
Land Improvements	15 - 20 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Deferred Loss on Refunding of Debt – Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2015 and 2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

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

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2015, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

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

Bond Discounts / Premiums

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

Net Position

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

Interfund Activity

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

Accounting Estimates

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

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

For the fiscal year ended June 30, 2015, the School District adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the School District was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$8,700,920.00 and was recognized as a restatement of the School District's June 30, 2014 net position on the statement of activities (see Note 22).

Recently Issued Accounting Pronouncements

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

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement will become effective for the School District in fiscal year 2016. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the financial statements.

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement will become effective for the School District in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the notes to the financial statements.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2015, the School District's bank balances of \$3,779,065.26 were exposed to custodial credit risk as follows:

Insured	\$ 719,611.88
Uninsured but collateralized with securities held by the pledging bank's trust department but not in the School District's name	3,059,453.38
Uninsured and uncollateralized	-
	\$ 3,779,065.26

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$1.00 in September, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

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

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014		\$ 1,902,555.05
Increased by:		
Interest Earnings	\$ 1,538.57	
Transfer per June 23, 2015 Resolution	<u>38,714.51</u>	
		<u>40,253.08</u>
		1,942,808.13
Decreased by:		
Withdrawals		<u>501,289.00</u>
Ending Balance, June 30, 2015		<u>\$ 1,441,519.13</u>

The June 30, 2015 LRFP balance of local support costs of uncompleted projects is \$12,248,721.30. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2015, the School District transferred \$501,289.00 to the capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23A-8.4.

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of state programs, the current fiscal year guarantee of federal funds.

Note 5: ACCOUNTS RECEIVABLE (CONT'D)

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

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Fund</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal Awards	\$ 22,703.12	\$ 367,080.22	\$ 389,783.34	\$ 36,207.62	\$ 425,990.96
State Awards	291,651.78		291,651.78	582.34	292,234.12
Tuition Charges	337,108.32		337,108.32		337,108.32
Other				4,009.35	4,009.35
	<u>\$ 651,463.22</u>	<u>\$ 367,080.22</u>	<u>\$ 1,018,543.44</u>	<u>\$ 40,799.31</u>	<u>\$ 1,059,342.75</u>

Note 6: INVENTORY

Inventory recorded at June 30, 2015 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 7,462.28
Supplies	<u>2,577.88</u>
	<u>\$ 10,040.16</u>

Note 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Retirements and Transfers	Balance June 30, 2015
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 400,000.00			\$ 400,000.00
Construction in Progress	6,434,723.28			6,434,723.28
Total Capital Assets, not being Depreciated	6,834,723.28	-	-	6,834,723.28
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	2,919,262.03	\$ 57,057.66	\$ (18,684.00)	2,957,635.69
Buildings and Improvements	24,043,516.63		(2,021.00)	24,041,495.63
Land Improvements	1,895,060.79			1,895,060.79
Total Capital Assets, being Depreciated	28,857,839.45	57,057.66	(20,705.00)	28,894,192.11
Total Capital Assets, Cost	35,692,562.73	57,057.66	(20,705.00)	35,728,915.39
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(2,506,757.18)	(91,237.69)	18,684.00	(2,579,310.87)
Buildings and Improvements	(13,012,343.14)	(491,228.73)	2,021.00	(13,501,550.87)
Land Improvements	(1,344,081.44)	(52,895.94)		(1,396,977.38)
Total Accumulated Depreciation	(16,863,181.76)	(635,362.36)	20,705.00	(17,477,839.12)
Total Capital Assets, being Depreciated, Net	11,994,657.69	(578,304.70)	-	11,416,352.99
Governmental Activities Capital Assets, Net	\$ 18,829,380.97	\$ (578,304.70)	-	\$ 18,251,076.27
	Balance July 1, 2014	Additions	Retirements and Adjustments	Balance June 30, 2015
Business-Type Activities:				
Capital Assets:				
Furniture, Fixtures and Equipment	\$ 775,970.00			\$ 775,970.00
Less Accumulated Depreciation	(651,329.50)	\$ (20,867.98)		(672,197.48)
Business-Type Activities Capital Assets, Net	\$ 124,640.50	\$ (20,867.98)	-	\$ 103,772.52

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

Governmental Activities:	
Instruction	\$ 35,907.55
Transportation	25,976.63
General and Business Administrative Services	3,353.32
Plant Operations and Maintenance	14,048.31
Unallocated	556,076.55
Total Depreciation Expense - Governmental Activities	<u>\$ 635,362.36</u>
Business-Type Activities:	
Food Service	<u>\$ 20,867.98</u>

Note 8: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations for governmental activities:

Governmental Activities:	(Restated) Balance July 1, 2014	Adjustments/ Additions	Reductions	Balance June 30, 2015	Due within One Year
Bonds Payable:					
General Obligation Bonds	\$ 12,855,000.00	-	\$ (1,595,000.00)	\$ 11,260,000.00	\$ 1,560,000.00
Other Liabilities:					
Net Pension Liability	8,700,920.00		(279,925.00)	8,420,995.00	
Obligations under Capital Lease	418,718.72		(112,681.91)	306,036.81	116,199.46
Compensated Absences	1,711,767.71	\$ 342,353.54	(701,839.14)	1,352,282.11	270,456.42
Early Retirement Pension Obligations	362,647.67		(43,876.10)	318,771.57	45,658.96
Total Other Liabilities	11,194,054.10	342,353.54	(1,138,322.15)	10,398,085.49	432,314.84
Other Adjustments to Debt:					
Unamortized Premium on Bonds	600,657.65		(74,782.11)	525,875.54	74,782.11
Governmental Activity Long-Term Liabilities	\$ 24,649,711.75	\$ 342,353.54	\$ (2,808,104.26)	\$ 22,183,961.03	\$ 2,067,096.95

The bonds payable are generally liquidated by the debt service fund, while capital leases, energy savings improvement bonds, compensated absences and pension obligations are liquidated by the general fund.

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

On February 24, 2005, the School District issued \$12,595,000.00 of refunding bonds at interest rates varying from 3.00% to 4.00%. The proceeds were used to advance refund and redeem on May 1, 2009 all of the District's outstanding callable School Bonds Series 1999. The final maturity of these bonds was originally May 1, 2019, however the School District issued refunding bonds on January 16, 2014.

On December 15, 2012, the School District issued \$6,470,000.00 of School Refunding Bonds at interest rates varying from 2.00% to 4.00%. The proceeds were used to provide funds for energy improvements throughout the District. The final maturity of these bonds is December 15, 2032. The bonds will be paid from property taxes.

On January 16, 2014, the School District issued \$6,680,000.00 of Refunding School Bonds to provide funding to refund the callable portion of the outstanding 2005 Bond Issue. The Refunding Bonds were issued at interest rates varying from 2.00% to 3.00%. The final maturity of these bonds is May 1, 2019.

Principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,560,000.00	\$ 322,675.00	\$ 1,882,675.00
2017	1,610,000.00	278,425.00	1,888,425.00
2018	1,655,000.00	232,825.00	1,887,825.00
2019	1,700,000.00	186,025.00	1,886,025.00
2020	335,000.00	137,975.00	472,975.00
2021-2025	1,965,000.00	554,781.25	2,519,781.25
2026-2030	1,825,000.00	241,743.77	2,066,743.77
2031-2033	610,000.00	37,600.00	647,600.00
	<u>\$ 11,260,000.00</u>	<u>\$ 1,992,050.02</u>	<u>\$ 13,252,050.02</u>

Note 8: LONG-TERM LIABILITIES

Bonds Authorized but not Issued - As of June 30, 2015, the School District had no authorizations to issue additional bonded debt.

Obligations under Capital Lease - The School District is leasing security systems, a school bus and IT equipment totaling \$555,488.45 under capital leases. All capital leases are for terms of four to five years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2015.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 116,199.46	\$ 8,330.66	\$ 124,530.12
2017	107,866.17	4,572.72	112,438.89
2018	81,971.18	969.72	82,940.90
	<u>\$ 306,036.81</u>	<u>\$ 13,873.10</u>	<u>\$ 319,909.91</u>

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to Note 15 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to Note 10. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

Note 9: OPERATING LEASES

At June 30, 2015, the School District had operating lease agreements in effect for copy machines and mail machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2016	\$ 58,747.32
2017	56,389.32
2018	55,603.32
2019	27,801.66
	<u>\$ 198,541.62</u>

Rental payments under operating leases for the fiscal year ended June 30, 2015 were \$96,122.74.

Note 10: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

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

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

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for a certain enrollment tier but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for certain enrollment tiers, but who earn salary of at least \$5,000.00 annually.

Note 10: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

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

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

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

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

Note 10: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2015 was 4.59% of the School District's covered-employee payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2015 because of the 100.00% special funding situation with the State of New Jersey.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Note 10: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2015 was 13.37% of the School District's covered-employee payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$370,787.00 for the fiscal year ended June 30, 2015. Employee contributions were \$200,304.02 for the fiscal year ended June 30, 2015.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period, 3% of the employees' base salary, are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2015, employee contributions totaled \$12,575.78, and the School District recognized pension expense of \$6,168.58. There were no forfeitures during the fiscal year.

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

Teachers' Pension and Annuity Fund - At June 30, 2015, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District. The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	80,661,319.00
	<u>\$ 80,661,319.00</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation of the State of New Jersey. For the fiscal year ended June 30, 2015, the School District recognized \$4,340,336.00 in revenue and expense, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions.

Note 10: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System - At June 30, 2015, the School District reported a liability of \$8,420,995.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the School District's proportion was 0.0449773759%, which was an increase of 0.0455259852% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the School District recognized \$416,664.00, in the government-wide financial statements, for pension expense for PERS.

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	264,801.00	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	501,846.00
Changes in Proportion and Differences Between School District Contributions and Proportionate Share of Contributions	-	88,569.00
School District Contributions Subsequent to the Measurement Date	<u>381,906.00</u>	<u>-</u>
	<u>\$ 646,707.00</u>	<u>\$ 590,415.00</u>

Note 10: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - \$381,906.00 is reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	<u>Ending June 30,</u>	<u>PERS</u>
2015	\$	(48,094.92)
2016		(48,094.92)
2017		(48,094.92)
2018		(48,094.92)
2019		30,489.19
Thereafter		<u>13,415.24</u>
		<u>\$ (148,475.26)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.01%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

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

Note 10: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>TPAF</u>		<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%	6.00%	0.80%
Core Fixed Income	-	2.19%	-	-
Core Bonds	1.00%	1.38%	1.00%	2.49%
Short-Term Bonds	-	1.00%	-	-
Intermediate-Term Bonds	11.20%	2.60%	11.20%	2.26%
Long-Term Bonds	-	3.23%	-	-
Mortgages	2.50%	2.84%	2.50%	2.17%
High Yield Bonds	5.50%	4.15%	5.50%	4.82%
Non-US Fixed Income	-	1.41%	-	-
Inflation-Indexed Bonds	2.50%	1.30%	2.50%	3.51%
Broad US Equities	25.90%	5.88%	25.90%	8.22%
Large Cap US Equities	-	5.62%	-	-
Mid Cap US Equities	-	6.39%	-	-
Small Cap US Equities	-	7.39%	-	-
Developed Foreign Equities	12.70%	6.05%	12.70%	8.12%
Emerging Market Equities	6.50%	8.90%	6.50%	9.91%
Private Equity	8.25%	9.15%	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	3.85%	12.25%	4.92%
Real Estate (Property)	3.20%	4.43%	3.20%	5.80%
Real Estate (REITS)	-	5.58%	-	-
Commodities	2.50%	3.60%	2.50%	5.35%
Long Credit Bonds	-	3.74%	-	-
	<u>100.00%</u>		<u>100.00%</u>	

Note 10: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Discount Rate - The discount rate used to measure the total pension liability was 4.68% and 4.95% for TPAF as of June 30, 2014 and 2013, respectively, and 5.39% and 5.55% for PERS as of June 30, 2014 and 2013, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Teachers' Pension and Annuity Fund (TPAF) - As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the net pension liability as of June 30, 2014 attributable to the School District is \$0 and the State's net pension liability attributable to the School District using a discount rate of 4.68%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the School District's Net Pension Liability	<u>97,014,378.50</u>	<u>80,661,319.00</u>	<u>67,059,851.32</u>
	<u>\$ 97,014,378.50</u>	<u>\$ 80,661,319.00</u>	<u>\$ 67,059,851.32</u>

Note 10: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2014 calculated using a discount rate of 5.39% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 10,593,898.33</u>	<u>\$ 8,420,994.90</u>	<u>\$ 6,591,811.29</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

Note 11: STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving postemployment medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

Note 12: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2015, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs and post-retirement medical costs were \$803,657.00 and \$1,275,806.00, respectively.

Note 13: RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

Fiscal Year Ended June 30,	School District Contributions	Employee Contributions	Interest Income	Claims Incurred	Ending Balance
2015	-	\$ 32,563.20	\$ 50.16	\$ 37,245.59	\$28,644.40
2014	-	31,017.04	35.81	10,425.83	33,276.63
2013	-	30,104.04	31.46	40,027.96	12,649.61

Joint Insurance Pool - The School District is a member of the School Alliance Insurance Pool Joint Insurance Fund. The Fund provides its members with the following coverage:

- Property (Including Crime and Physical Damage)
- Workers' Compensation and Employer's Liability
- Liability other than Motor Vehicles
- Property Damage other than Motor Vehicles
- Motor Vehicles
- School Board Legal Liability
- Boiler and Machinery
- Pollution / Environmental Legal Liability

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

The Fund provides the School District with the following coverage:

- Property (Including Crime and Physical Damage)
- Workers' Compensation and Employer's Liability
- Liability other than Motor Vehicles
- Property Damage other than Motor Vehicles
- Motor Vehicles
- School Board Legal Liability
- Boiler and Machinery
- Pollution / Environmental Legal Liability

Note 13: RISK MANAGEMENT (CONT'D)**Joint Insurance Pool (Cont'd)**

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The School District's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$150,000.00 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the fiscal year ended June 30, 2015, which can be obtained from:

School Alliance Insurance Fund
51 Everett Drive, Suite B-40
West Windsor, New Jersey 08550

Note 14: DEFERRED COMPENSATION

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

Fidelity Investments
Lincoln Investment Planning
Midland National

Note 15: COMPENSATED ABSENCES

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2015, the liability for compensated absences reported on the government-wide statement of net position was \$1,352,282.11. No liability exists as of June 30, 2015 for the proprietary funds.

Note 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2015 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 501,024.64	
Special Revenue		\$ 364,204.23
Food Service		1,660.19
Parent Saver Program		116,530.61
Fiduciary	491.92	19,121.53
	<u>\$ 501,516.56</u>	<u>\$ 501,516.56</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2016, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Transfers:

<u>Transfer Out:</u>	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Parent Saver Program</u>
General Fund		\$ 8,421.07
Parent Saver Program	\$ (8,421.07)	
Total Transfers	<u>\$ (8,421.07)</u>	<u>\$ 8,421.07</u>

Note 17: CONTINGENCIES

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

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

Note 18: CONCENTRATIONS

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

Note 19: COMMITMENTS

The School District had multiple construction projects ongoing as of the fiscal year ended June 30, 2015 that are to continue into the subsequent fiscal year(s). These projects, which are related to the capital projects fund, are as follows:

<u>Contract</u>	<u>Commitment Date</u>	<u>Amount Outstanding</u>
ESIP Program	2013	<u>\$ 236,998.05</u>

Note 20: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$888,908.93 in the general fund and \$293.40 in the special revenue fund as of June 30, 2015 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficits in the GAAP funds statements of \$888,908.93 in the general fund and \$293.40 in the special revenue fund are less than the June state aid payments.

Note 21: FUND BALANCES**RESTRICTED**

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. \$190,502.38 of excess fund balance generated during 2013-2014 has been restricted and designated for utilization in the 2015-2016 budget.

Note 21: FUND BALANCES (CONT'D)**RESTRICTED (Cont'd)**

For Capital Reserve Account - As of June 30, 2015, the balance in the capital reserve account is \$1,441,519.13. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP). \$1,401,266.00 of the restricted reserve balance has been designated for utilization in the 2015-2016 Budget.

For Maintenance Reserve Account - As of June 30, 2015, the balance in the maintenance reserve account is \$850,054.90. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701). \$50,000.00 of the restricted reserve balance has been designated for utilization in the 2015-2016 Budget.

Capital Projects Fund On December 15, 2012, the School District issued \$6,470,000.00 of refunding bonds pursuant to (i) Chapter 24 of Title 18A of the New Jersey Statutes, as amended and supplemented ("School Bond Law"); (ii) a refunding bond ordinance, duly and finally adopted by the Board on November 27, 2012. The Bonds were authorized through an Energy Savings Improvement Program. The bond issuance was for various energy savings projects at the District's four schools. As of June 30, 2015, the restricted fund balance amount was \$247,522.65.

Debt Service Fund - As of June 30, 2015, \$123,767.84 of debt service fund balance is restricted for future debt service expenditures. \$39,474.00 of the restricted balance has been designated for utilization in the 2015-2016 Budget.

ASSIGNED

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2016 \$564,329.62 of general fund balance at June 30, 2015.

The School District has appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016 \$22,777.36 of general fund balance at June 30, 2015 resulting from the Special Education Medicaid Initiative (SEMI) reimbursement received during the current fiscal year for reimbursement of previous fiscal year expenditures.

Other Purposes - As of June 30, 2015, the School District had \$481,483.59 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2015, the general fund balance deficit of \$888,908.93 was unassigned.

Note 21: FUND BALANCES (CONT'D)**UNASSIGNED (Cont'd)**

Special Revenue Fund - As of June 30, 2015, the fund balance of the special revenue fund was a deficit of \$293.40, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in Note 20, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$293.40 is less than the last state aid payment.

Note 22: RESTATEMENT OF PRIOR PERIOD NET POSITION

As indicated in Note 1 to the financial statements, the School District adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, for the fiscal year ended June 30, 2015. As a result of implementing these two Statements, a restatement of unrestricted net position on the government-wide statement of activities was required to record the School District's proportionate share of its net pension liability. The cumulative effect on the financial statements as reported for June 30, 2014 is as follows:

	Net Position As Previously Reported June 30, 2014	GASB 68 Implementation			Net Position As Restated June 30, 2014
		Net Pension Liability (1)	Deferred Outflows (2)	Accounts Payable (3)	
Governmental Activities:					
Net Investment in Capital Assets	\$ 5,538,817.85				\$ 5,538,817.85
Reserve for:					
Debt Service	2,103.38				2,103.38
Capital Projects	239,559.15				239,559.15
Other Purposes	2,506,676.46				2,506,676.46
Unrestricted (Deficit)	(2,461,226.05)	\$ (8,700,920.00)	\$ 370,787.00	\$ (370,787.00)	(11,162,146.05)
Total Net Position	\$ 5,825,930.79	\$ (8,700,920.00)	\$ 370,787.00	\$ (370,787.00)	\$ (2,874,989.21)

- (1) Represents the District's proportionate share of the Public Employees' Retirement System (PERS) June 30, 2013 Net Pension Liability.
- (2) Represents the District's beginning deferred outflow of resources for contributions subsequent to the measurement date, paid on April 1, 2015.
- (3) Represents the District's accounts payable for contributions subsequent to the measurement date, paid on April 1, 2015. The State of New Jersey Division of Pension and Benefits has an accounts receivable recorded in the PERS Plan Audit.

Note 23: SUBSEQUENT EVENTS

Subsequent to June 30, 2015 the School District has dissolved the Parent Saver Program. Effective July 1, 2015, this proprietary fund's operations have been discontinued. The School District plans to transfer the remaining fund balance to the General fund during the 2015-2016 Budget year.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

PINE HILL BOROUGH SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 10,534,434.00		\$ 10,534,434.00	\$ 10,534,434.00	
Tuition from Other LEAs Within the State	5,369,964.00		5,369,964.00	5,150,244.12	\$ 219,719.88
Transportation Fees from Other LEAs	45,000.00		45,000.00	60,717.24	15,717.24
Interest Earned on Capital Reserve Funds				1,538.57	1,538.57
Interest Earned on Maintenance Reserve Funds				54.90	54.90
Unrestricted Miscellaneous Revenues	105,383.00		105,383.00	135,577.93	30,194.93
Total - Local Sources	16,054,781.00	-	16,054,781.00	15,882,566.76	267,225.52
State Sources:					
Equalization Aid	14,483,942.00		14,483,942.00	14,483,942.00	
Special Education Aid	866,509.00		866,509.00	866,509.00	
Security Aid	411,232.00		411,232.00	411,232.00	
Transportation Aid	223,925.00		223,925.00	223,925.00	
Extraordinary Aid	100,000.00		100,000.00	186,259.00	86,259.00
School Choice Aid	265,460.00		265,460.00	265,460.00	
PARCC Readiness Aid	15,735.00		15,735.00	15,735.00	
Per Pupil Growth Aid	15,735.00		15,735.00	15,735.00	
Homeless Aid				27,881.00	27,881.00
Additional Non-Public Transportation Aid				6,399.00	6,399.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,024,253.84	1,024,253.84
On-behalf TPAF Medical Contributions (non-budgeted)				1,275,806.00	1,275,806.00
On-behalf TPAF Pension Contributions (non-budgeted)				803,657.00	803,657.00
Total - State Sources	16,382,538.00	-	16,382,538.00	19,606,793.84	3,224,255.84
Federal Sources:					
Special Education Medicaid Initiative	47,397.00		47,397.00	149,731.52	102,334.52
Medicaid Administrative Claiming Aid				15,628.17	15,628.17
Special Education Medicaid Initiative -- ARRA				22,777.36	22,777.36
Total - Federal Sources	47,397.00	-	47,397.00	188,137.05	140,740.05
Total Revenues	32,484,716.00	-	32,484,716.00	35,677,497.65	3,632,221.41

PINE HILL BOROUGH SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:	\$ 10,593.00	\$ 0.01	\$ 10,593.01	\$ 368,993.46	\$ 10,593.01
Preschool	460,049.00	(82,000.21)	378,048.79	2,746,398.64	9,055.33
Kindergarten	2,766,446.00	(0.03)	2,766,445.97	1,994,877.82	20,047.33
Grades 1 - 5	1,913,204.00	81,999.94	1,995,203.94	3,487,734.93	326.12
Grades 6 - 8	3,469,250.00	17,999.25	3,487,249.25	33,295.50	4,514.32
Grades 9 - 12				87,792.54	41,704.50
Regular Programs - Home Instruction:	75,000.00		75,000.00		26.96
Salaries of Teachers	50,000.00	37,819.50	87,819.50		
Purchased Professional - Educational Services	140,809.00	6,621.55	147,430.55	147,358.22	72.33
Regular Programs - Undistributed Instruction:	17,796.00		17,796.00	13,784.78	4,011.22
Other Salaries for Instruction	12,800.00	2,122.12	14,922.12	14,922.12	
Purchased Professional - Educational Services	288,850.00	(43,163.62)	245,686.38	225,521.52	20,164.86
Purchased Technical Services	394,496.07	(9,099.06)	385,397.01	312,569.20	72,827.81
Other Purchased Services	54,250.00	9,098.06	63,348.06	62,128.64	1,219.42
General Supplies	10,550.00		10,550.00	9,713.45	836.55
Textbooks					
Other Objects					
Total - Regular Programs	9,664,093.07	21,397.51	9,685,490.58	9,500,090.82	185,399.76
Learning and/or Language Disabilities:					
Salaries of Teachers	1,137,976.00	(32,400.15)	1,105,575.85	1,053,698.68	51,877.17
Other Salaries for Instruction	235,329.00	10,999.62	246,328.62	246,289.82	38.80
General Supplies	3,500.00	196.31	3,696.31	3,538.33	157.98
Textbooks	2,200.00	(196.31)	2,003.69		2,003.69
Total - Learning and/or Language Disabilities	1,379,005.00	(21,400.53)	1,357,604.47	1,303,526.83	54,077.64
Behavioral Disabilities:					
Salaries of Teachers	216,801.00	(39,000.40)	177,800.60	153,690.29	24,110.31
Other Salaries for Instruction	42,625.00	0.03	42,625.03	41,892.54	732.49
General Supplies	3,000.00		3,000.00	603.33	2,396.67
Textbooks	1,200.00		1,200.00		1,200.00
Total - Behavioral Disabilities	263,626.00	(39,000.37)	224,625.63	196,186.16	28,439.47

PINE HILL BOROUGH SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Special Education(Cont'd):					
Multiple Disabilities:					
Salaries of Teachers	\$ 467,972.00	\$ 319.65	\$ 468,291.65	\$ 468,281.27	\$ 10.38
Other Salaries for Instruction	264,714.00	19,400.00	284,114.00	284,044.21	69.79
General Supplies	11,000.00	(2,500.00)	8,500.00	8,490.21	9.79
Total - Multiple Disabilities	743,686.00	17,219.65	760,905.65	760,815.69	89.96
Resource Room/Center:					
Salaries of Teachers	910,438.00	(0.12)	910,437.88	898,020.82	12,417.06
Other Salaries for Instruction	24,493.00	2,499.50	26,992.50	26,992.41	0.09
General Supplies	5,000.00		5,000.00	3,242.06	1,757.94
Textbooks	5,000.00		5,000.00	4,946.36	53.64
Total - Resource Room/Center	944,931.00	2,499.38	947,430.38	933,201.65	14,228.73
Preschool Disabilities					
Salaries of Teachers	79,550.00	(19,719.90)	59,830.10	53,362.00	6,468.10
Other Salaries for Instruction	35,600.00	0.75	35,600.75	23,290.80	12,309.95
General Supplies	9,000.00		9,000.00	4,686.64	4,313.36
Total - Pre School Disabilities	124,150.00	(19,719.15)	104,430.85	81,339.44	23,091.41
Home Instruction:					
Purchased Professional - Educational Services	25,000.00	(4,413.00)	20,587.00	18,120.00	2,467.00
Total - Special Education	3,480,398.00	(64,814.02)	3,415,583.98	3,293,189.77	122,394.21
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	188,341.00	101,349.64	289,690.64	289,685.28	5.36
Other Salaries for Instruction	101,806.00	(101,349.97)	456.03	456.03	456.03
General Supplies	1,122.00	39,000.00	40,122.00	39,746.24	375.76
Total - Basic Skills / Remedial - Instruction	291,269.00	38,999.67	330,268.67	329,431.52	837.15
Bilingual Education:					
Salaries of Teachers	50,281.00	(0.17)	50,280.83	49,865.00	415.83
General Supplies	500.00		500.00	182.02	317.98
Total - Bilingual Education:	50,781.00	(0.17)	50,780.83	50,047.02	733.81

PINE HILL BOROUGH SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
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 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
School Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 110,000.00	\$ 35,375.00	\$ 145,375.00	\$ 145,342.10	\$ 32.90
Purchased Services	38,400.00	(2,177.94)	36,222.06	35,336.56	885.50
Supplies and Materials	7,000.00	279.89	7,279.89	6,330.23	949.66
Other Objects	15,500.00	5,443.00	20,943.00	19,770.65	1,172.35
Total - School Sponsored Cocurricular Activities - Instruction	170,900.00	38,919.95	209,819.95	206,779.54	3,040.41
School Sponsored Athletics - Instruction:					
Salaries	370,939.00	(15,275.06)	355,663.94	326,743.58	28,920.36
Purchased Services	69,100.00	(7,919.95)	61,180.05	50,230.72	10,949.33
Supplies and Materials	33,200.00	685.59	33,885.59	29,341.74	4,543.85
Other Objects	17,425.00	472.31	17,897.31	14,726.76	3,170.55
Total - School Sponsored Athletics - Instruction	490,664.00	(22,037.11)	468,626.89	421,042.80	47,584.09
Community Services Programs/Operations					
Salaries	29,564.00	10,199.71	39,763.71	17,100.20	22,663.51
Supplies and Materials	1,000.00		1,000.00		1,000.00
Other Objects	2,000.00	(1,157.90)	842.10		842.10
Total - Community Services Programs/Operations	32,564.00	9,041.81	41,605.81	17,100.20	24,505.61
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within the State - Regular	100,000.00	89,943.27	189,943.27	189,511.47	431.80
Tuition to Other LEAs within the State - Special	55,000.00	(29,113.59)	25,886.41	25,403.17	483.24
Tuition to County Voc. School Dist. - Regular	193,024.00		193,024.00	193,024.00	
Tuition to CSSD & Reg. Day Schools	238,600.00	53,600.00	292,200.00	292,176.58	23.42
Tuition to Private School for the Disabled within State	1,331,183.00	61,063.71	1,392,246.71	1,383,466.64	8,780.07
Tuition -- State Facilities	64,612.00		64,612.00	64,612.00	
Total - Undistributed Expenditures - Instruction	1,982,419.00	175,493.39	2,157,912.39	2,148,193.86	9,718.53
Total - Instruction	16,163,088.07	197,001.03	16,360,089.10	15,965,875.53	394,213.57

PINE HILL BOROUGH SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 56,615.00	\$ 0.48	\$ 56,615.48	\$ 56,338.62	\$ 276.86
Health Services:					
Salaries	293,851.00	(0.09)	293,850.91	288,331.00	5,519.91
Purchased Professional and Technical Services	32,000.00	81,850.71	113,850.71	113,653.25	197.46
Supplies and Materials	8,111.00	(609.00)	7,502.00	7,078.56	423.44
Other Objects	200.00		200.00	64.00	136.00
Total - Health Services	334,162.00	81,241.62	415,403.62	409,126.81	6,276.81
Other Support Services - Students - Related Services:					
Salaries	342,051.00	(11,999.86)	330,051.14	329,790.00	261.14
Purchased Professional - Educational Services	30,000.00	21,052.64	51,052.64	51,051.27	1.37
Supplies and Materials	6,000.00	(3,436.92)	2,563.08	2,024.90	538.18
Total - Other Support Services-Students-Related Services	378,051.00	5,615.86	383,666.86	382,866.17	800.69
Other Support Services - Students - Extra Services:					
Purchased Professional - Educational Services	100,000.00	98,038.72	198,038.72	198,017.42	21.30
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	550,548.00	(0.36)	550,547.64	539,484.00	11,063.64
Salaries of Secretarial and Clerical Assistants	61,895.00	(0.18)	61,894.82	61,530.97	363.85
Other Purchased Professional and Technical Services	2,725.00	(1,109.63)	1,615.37	485.00	1,130.37
Supplies and Materials	3,100.00	1,109.63	4,209.63	4,209.63	
Total - Other Support Services - Students - Regular	618,268.00	(0.54)	618,267.46	605,709.60	12,557.86
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	478,821.00	26,199.64	505,020.64	504,971.63	49.01
Salaries of Secretarial and Clerical Assistants	200,872.00	(26,200.01)	174,671.99	172,848.56	1,823.43
Purchased Professional - Educational Services	35,000.00	1,628.43	36,628.43	36,615.41	13.02
Other Purchased Services	1,600.00		1,600.00	622.74	977.26
Miscellaneous Purchased Services	5,500.00	(5,500.00)			
Supplies and Materials	8,000.00	(2,107.36)	5,892.64	5,097.64	795.00
Other Objects	2,000.00	(1,968.25)	31.75		31.75
Total - Other Support Services - Students - Special Services	731,793.00	(7,947.55)	723,845.45	720,155.98	3,689.47

PINE HILL BOROUGH SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 368,813.00	\$ 3,000.46	\$ 371,813.46	\$ 371,766.27	\$ 47.19
Salaries of Secretarial and Clerical Assistants	41,200.00	7,650.00	48,850.00	48,802.78	47.22
Other Salaries	107,700.00	(2,700.00)	105,000.00	104,934.36	65.64
Purchased Professional- Educational Services	253,970.00	(6,520.71)	247,449.29	241,576.28	5,873.01
Other Purchased Services	500.00		500.00		500.00
Supplies and Materials	44,012.00	(7,271.10)	36,740.90	36,740.90	
Other Objects	5,200.00	(1,429.29)	3,770.71	1,455.00	2,315.71
Total - Improvement of Instruction Services	821,395.00	(7,270.64)	814,124.36	805,275.59	8,848.77
Educational Media Services/School Library:					
Salaries	215,310.00	(33,450.22)	181,859.78	143,940.60	37,919.18
Other Purchased Services	7,230.00	634.30	7,864.30	7,564.30	300.00
Supplies and Materials	19,600.00	(5,934.30)	13,665.70	13,611.83	53.87
Total - Educational Media Services/School Library	242,140.00	(38,750.22)	203,389.78	165,116.73	38,273.05
Instructional Staff Training Services:					
Purchased Professional- Educational Services	16,000.00	(5,000.00)	11,000.00	5,363.50	5,636.50
Support Services General Administration:					
Salaries	205,670.00	(4,900.00)	200,770.00	199,748.92	1,021.08
Legal Services	72,729.90	71,450.19	144,180.09	144,149.13	30.96
Audit Fees	35,000.00	2,000.00	37,000.00	37,000.00	
Architectural/Engineering Services	65,000.00	(46,950.19)	18,049.81	17,751.30	298.51
Other Purchased Professional Services	6,500.00	(6,029.34)	470.66		470.66
Communications/Telephone/ Postage	85,000.00	(43,900.00)	41,100.00	12,842.05	28,257.95
BOE Other Purchased Services	5,900.00	730.00	6,630.00	6,195.57	434.43
Other Purchased Services	30,388.00	69.85	30,457.85	30,453.45	4.40
General Supplies	5,860.00	(2,300.00)	3,560.00	2,839.24	720.76
BOE In-House Training / Meeting Supplies	1,000.00		1,000.00		1,000.00
Miscellaneous Expenditures	5,600.00	(2,000.00)	3,600.00	2,725.00	875.00
BOE Membership Dues and Fees	11,500.00		11,500.00	11,213.80	286.20
Total - Support Services General Administration	530,147.90	(31,829.49)	498,318.41	464,918.46	33,399.95

PINE HILL BOROUGH SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Support Services School Administration:					
Salaries of Principals/Assistant Principals	\$ 583,525.00	\$ (17,500.03)	\$ 566,024.97	\$ 565,929.38	\$ 95.59
Salaries of Other Professional Staff	222,925.00	25,400.00	248,325.00	248,271.24	53.76
Salaries of Secretarial and Clerical Assistants	286,331.00	(5,599.74)	280,731.26	280,660.04	71.22
Purchased Professional and Technical Services	100,000.00	2,000.00	102,000.00	102,000.00	
Other Purchased Services	27,370.00	(5,846.25)	21,523.75	19,502.14	2,021.61
Supplies and Materials	15,800.00	797.62	16,597.62	15,899.50	698.12
Other Objects	13,200.00	2,048.63	15,248.63	14,391.89	856.74
Total - Support Services School Administration	1,249,151.00	1,300.23	1,250,451.23	1,246,654.19	3,797.04
Central Services:					
Salaries	230,889.00	(2,900.24)	227,988.76	226,300.59	1,688.17
Purchased Technical Services	65,000.00	(20,200.00)	44,800.00	43,423.41	1,376.59
Miscellaneous Purchased Services	1,000.00	(790.00)	210.00		210.00
Supplies and Materials	8,000.00	1,716.24	9,716.24	9,714.93	1.31
Miscellaneous Expenditures	1,100.00	503.87	1,603.87	1,603.87	
Total - Central Services	305,989.00	(21,670.13)	284,318.87	281,042.80	3,276.07
Administrative Information Technology:					
Salaries	151,570.00	10,831.79	162,401.79	151,803.19	10,598.60
Purchased Technical Services	90,236.65		90,236.65	78,161.84	12,074.81
Other Purchased Services	400.00	(254.87)	145.13		145.13
Supplies and Materials	15,350.00		15,350.00	10,116.33	5,233.67
Other Objects	1,400.00		1,400.00	790.00	610.00
Total - Administrative Information Technology	258,956.65	10,576.92	269,533.57	240,871.36	28,662.21
Required Maintenance for School Facilities:					
Salaries	425,653.00	(49,111.69)	376,541.31	302,426.21	74,115.10
Cleaning, Repair & Maintenance Services	168,000.00	(9,955.41)	158,044.59	149,192.02	8,852.57
General Supplies	119,000.00	32,513.36	151,513.36	151,360.89	152.47
Total - Required Maintenance for School Facilities	712,653.00	(26,553.74)	686,099.26	602,979.12	83,120.14

PINE HILL BOROUGH SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Other Operation and Maintenance of Plant Services:					
Salaries	\$ 943,870.00	\$ 5,869.99	\$ 949,739.99	\$ 949,717.52	\$ 22.47
Salaries of Non-Instructional Aides		2,810.00	2,810.00	2,802.33	7.67
Purchased Professional and Technical Services	113,000.00	(16,301.27)	96,698.73	93,998.73	2,700.00
Cleaning, Repair and Maintenance Services	136,748.00	(25,613.46)	111,134.54	97,916.30	13,218.24
Other Purchased Property Services	89,000.00	(3,240.00)	85,760.00	71,674.84	14,085.16
Insurance	175,000.00	(15,138.00)	159,862.00	154,275.00	5,587.00
Miscellaneous Purchased Services	2,050.00	1,527.70	3,577.70	3,577.70	
General Supplies	168,000.00	(19,618.18)	148,381.82	113,093.40	35,288.42
Energy (Natural Gas)	300,000.00	(59,671.52)	240,328.48	201,301.82	39,026.66
Energy (Electricity)	560,000.00	(38,000.00)	522,000.00	517,283.21	4,716.79
ESIP Interest Payment	167,925.00		167,925.00	167,925.00	
ESIP Principal Payment	320,000.00		320,000.00	320,000.00	
Total - Other Operation and Maintenance of Plant Services	2,975,593.00	(167,374.74)	2,808,218.26	2,693,565.85	114,652.41
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	198,981.00	0.66	198,981.66	132,898.26	66,083.40
Undistributed Expenditures - Security					
Salaries	97,100.00	-	97,100.00	95,475.62	1,624.38
Student Transportation Services:					
Salaries of Non-Instructional Aids	55,000.00	2,700.00	57,700.00	57,692.76	7.24
Salaries for Pupil Transportation (Between Home & School) - Regular	58,066.00	0.25	58,066.25	54,414.40	3,651.85
Salaries for Pupil Transportation (Between Home & School) - Special Education	144,160.00	(2,700.00)	141,460.00	136,691.93	4,768.07
Management Fee - ESC & CTSA Transportation Program	20,000.00	(10,000.00)	10,000.00	10,000.00	
Other Purchased Professional and Technical Services	300.00	(180.00)	120.00	120.00	
Cleaning, Repair and Maintenance Services	4,000.00	(3,800.00)	200.00	197.00	3.00
Lease Purchase Payments - School Buses	20,000.00	(7,908.78)	12,091.22	12,091.22	
Contracted Services - Aid in Lieu of Payments - Non-Public Schools	67,184.00	(0.22)	67,183.78	52,907.40	14,276.38
Contracted Services (Between Home & School) - Vendors	422,500.00	27,454.63	449,954.63	447,710.18	2,244.45
Contracted Services (Other Than Between Home & School) - Vendors	97,200.00	(62,470.75)	34,729.25	25,847.91	8,881.34
Contracted Services (Between Home & School) - Joint Agreements		6,400.00	6,400.00	6,329.66	70.34
Contracted Services (Special Education Students) - Vendors	22,000.00	(17,293.63)	4,706.37	2,182.13	2,524.24
Contracted Services (Special Education Students) - Joint Agreements	13,000.00	(12,084.32)	915.68	915.68	
Contracted Services (Special Education Students) - ESCs & CTSA	360,000.00	84,500.00	444,500.00	444,454.58	45.42
Miscellaneous Purchased Services - Transportation	4,100.00		4,100.00	4,000.00	100.00
General Supplies	1,200.00		1,200.00	1,099.62	100.38
Transportation Supplies	41,000.00	(178.26)	40,821.74	27,562.57	13,259.17
Other Objects	500.00	178.26	678.26	678.26	
Total - Student Transportation Services	1,330,210.00	4,617.18	1,334,827.18	1,283,979.62	50,847.56

PINE HILL BOROUGH SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	\$ 450,000.00	\$ 4,000.00	\$ 454,000.00	\$ 453,029.92	\$ 970.08
TPAF Contributions - ERIP	67,000.00		67,000.00	62,158.73	4,841.27
Other Retirement Contributions - PERS	426,284.00		426,284.00	414,257.47	12,026.53
Other Retirement Contributions - ERIP	2,100.00		2,100.00	869.37	1,230.63
Unemployment Compensation	100,000.00		100,000.00		100,000.00
Workers Compensation	250,000.00		250,000.00	249,654.00	346.00
Health Benefits	4,317,449.00	(132,001.00)	4,185,448.00	3,858,423.30	327,024.70
Tuition Reimbursements	50,000.00	13,800.00	63,800.00	63,800.00	
Other Employee Benefits	396,875.00	(15,276.65)	381,598.35	312,571.45	69,026.90
Total - Unallocated Benefits - Employee Benefits	6,059,708.00	(129,477.65)	5,930,230.35	5,414,764.24	515,466.11
Undistributed Expenditures:					
TPAF Contributions:					
Reimbursed TPAF Social Security Contributions				1,024,253.84	(1,024,253.84)
On-behalf TPAF Medical Contributions				1,275,806.00	(1,275,806.00)
On-behalf TPAF Pension Contributions				803,657.00	(803,657.00)
Total TPAF Contributions	-	-	-	3,103,716.84	(3,103,716.84)
Total Undistributed Expenses	17,016,913.55	(234,483.03)	16,782,430.52	18,908,836.78	(2,126,406.26)
Total Expenditures - Current Expense	33,180,001.62	(37,482.00)	33,142,519.62	34,874,712.31	(1,732,192.69)
CAPITAL OUTLAY:					
Equipment:					
School-Sponsored and Other Instructional Program	41,000.00		41,000.00	40,530.00	470.00
Undistributed Expenditures - Admin Info Tech.	14,700.00		14,700.00	12,137.66	2,562.34
Undistributed Expended - Custodial Services	3,800.00		3,800.00	890.00	2,910.00
Undistributed Expended - Care and Upkeep of Grounds	3,500.00		3,500.00	3,500.00	
Total - Equipment	63,000.00	-	63,000.00	57,057.66	5,942.34
Facilities Acquisition and Construction Services:					
Infrastructure	501,289.00		501,289.00	8,383.00	501,289.00
Assessment for Debt Service on SDA Funding	8,383.00		8,383.00		
Total - Facilities Acquisition and Construction Services	509,672.00	-	509,672.00	8,383.00	501,289.00
Total Capital Outlay	572,672.00	-	572,672.00	65,440.66	507,231.34

PINE HILL BOROUGH SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Transfer of Funds to Charter Schools	\$ 148,525.00	\$ 37,482.00	\$ 186,007.00	\$ 186,007.00	\$ -
Total Expenditures	<u>33,901,198.62</u>	<u>-</u>	<u>33,901,198.62</u>	<u>35,126,159.97</u>	<u>\$ (1,224,961.35)</u>
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,416,482.62)</u>	<u>-</u>	<u>(1,416,482.62)</u>	<u>551,337.68</u>	<u>1,967,820.30</u>
Other Financing Sources (Uses):					
Transfers in from Community Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,421.07</u>	<u>(8,421.07)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,416,482.62)</u>	<u>-</u>	<u>(1,416,482.62)</u>	<u>559,758.75</u>	<u>1,976,241.37</u>
Fund Balances, July 1	<u>3,699,894.10</u>	<u>-</u>	<u>3,699,894.10</u>	<u>3,699,894.10</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 2,283,411.48</u>	<u>-</u>	<u>\$ 2,283,411.48</u>	<u>\$ 4,259,652.85</u>	<u>\$ 1,976,241.37</u>

Recapitulation:

Restricted Fund Balance:	\$	
Excess Surplus -- Designated for Subsequent Years Expenditures	\$	190,502.38
Capital Reserve		40,253.13
Capital Reserve -- Designated for Subsequent Years Expenditures		1,401,266.00
Maintenance Reserve		800,054.90
Maintenance Reserve -- Designated for Subsequent Years Expenditures		50,000.00
Assigned Fund Balance:		
Other Purposes		481,483.59
Designated for Subsequent Years Expenditures		564,329.62
Designated for Subsequent Years Expenditures -- SEMI ARRA		22,777.36
Unassigned Fund Balance		<u>708,985.87</u>
		4,259,652.85

Reconciliation to Governmental Funds Statements (GAAP):
 Last State Aid Payment Not Recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP)

\$ 2,661,758.05

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	-	30,616.24	30,616.24	27,446.85	\$ 3,169.39
State Sources:					
Preschool Education Aid	221,452.00	21,851.80	243,303.80	221,452.00	21,851.80
Total - State Sources	221,452.00	21,851.80	243,303.80	221,452.00	21,851.80
Federal Sources:					
Title I	471,837.00	162,753.62	634,590.62	634,590.62	
Title II Part A	36,022.00	12,893.00	48,915.00	48,915.00	
Title III Immigrant	3,998.00	(3,998.00)			
I.D.E.A., Part B Basic	287,137.00	141,299.00	428,436.00	425,681.89	2,754.11
I.D.E.A., Part B, Preschool Incentive	14,193.00	14,193.00	14,193.00	4,046.33	10,146.67
Total - Federal Sources	798,994.00	327,140.62	1,126,134.62	1,113,233.84	12,900.78
Total Revenues	\$ 1,020,446.00	\$ 379,608.66	\$ 1,400,054.66	\$ 1,362,132.69	\$ 37,921.97
EXPENDITURES:					
Instruction:					
Salaries of Teachers	429,736.84	8,275.64	438,012.48	433,341.00	\$ 4,671.48
Other Salaries for Instruction	49,026.00	117,180.32	166,206.32	149,026.00	17,180.32
Purchased Professional & Technical Services	3,479.21	1,232.79	4,712.00	4,712.00	
Tuition	234,861.55	123,507.15	358,368.70	354,175.70	4,193.00
General Supplies	151,873.04	96,618.50	248,491.54	237,923.97	10,567.57
Total Instruction	868,976.64	346,814.40	1,215,791.04	1,179,178.67	36,612.37
Support Services:					
Salaries of Other Professional Staff	61,288.61	17,825.89	79,114.50	79,114.50	
Other Salaries	16,110.55	5,708.45	21,819.00	21,819.00	
Personal Services - Employee Benefits	50,000.00		50,000.00	50,000.00	
Purchased Professional Technical Service	11,407.12	4,041.88	15,449.00	15,449.00	
Other Purchased Services	7,950.79	(1,615.17)	6,335.62	6,335.62	
Transportation Other than Bet Home & School	4,712.29	313.50	5,025.79	313.50	
Supplies and Materials	4,712.29	6,519.71	11,232.00	9,922.40	1,309.60
Total Support Services	151,469.36	32,794.26	184,263.62	182,954.02	1,309.60
Total Expenditures	\$ 1,020,446.00	\$ 379,608.66	\$ 1,400,054.66	\$ 1,362,132.69	\$ 37,921.97

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 For the Fiscal Year Ended June 30, 2015

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 35,677,497.65	\$ 1,362,132.69
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		1,935.48
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2014.	1,567,756.90	22,936.10
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2015.	<u>(1,597,894.80)</u>	<u>(22,145.20)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 35,647,359.75</u>	<u>\$ 1,364,859.07</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 35,126,159.97	\$ 1,362,132.69
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>-</u>	<u>1,935.48</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 35,126,159.97</u>	<u>\$ 1,364,068.17</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Two Fiscal Years

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0449773759%	0.0455259852%
School District's Proportionate Share of the Net Pension Liability	\$ 8,420,995.00	\$ 8,700,920.00
School District's Covered-Employee Payroll	\$ 3,011,121.00	\$ 3,136,082.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	279.66%	277.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Two Fiscal Years

	<u>Fiscal Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 381,906.00	\$ 370,787.00
Contributions in Relation to the Contractually Required Contribution	<u>(381,906.00)</u>	<u>(370,787.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
School District's Covered-Employee Payroll	\$ 2,855,519.00	\$ 3,011,121.00
Contributions as a Percentage of School District's Covered-Employee Payroll	13.37%	12.31%

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Two Fiscal Years

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -
State's Proportionate Share of the School District's Net Pension Liability	<u>80,661,319.00</u>	<u>79,096,752.00</u>
	<u>\$ 80,661,319.00</u>	<u>\$ 79,096,752.00</u>
School District's Covered-Employee Payroll	\$ 14,058,633.00	\$ 14,818,456.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	573.75%	533.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last 10 Fiscal Years

This schedule is not applicable.

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

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

BOROUGH OF PINE HILL SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2015

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.55% as of June 30, 2013, to 5.39% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 4.95% as of June 30, 2013, to 4.68% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	N.C.L.B.			I.D.E.A. Part B		Total Brought Forward
	Total	Title I	Title II Part A	Basic	Preschool	
REVENUES:						
Federal Sources	\$ 1,113,233.84	\$ 634,590.62	\$ 48,915.00	\$ 425,681.89	\$ 4,046.33	\$ 221,452.00
State Sources	221,452.00					27,446.85
Local Sources	27,446.85					
Total Revenues	\$ 1,362,132.69	\$ 634,590.62	\$ 48,915.00	\$ 425,681.89	\$ 4,046.33	\$ 248,898.85
EXPENDITURES:						
Instruction:						
Salaries of Teachers	\$ 433,341.00	\$ 262,000.00	\$ 48,915.00			\$ 122,426.00
Other Salaries for Instruction	149,026.00	100,000.00				49,026.00
Purchased Professional & Technical Services	4,712.00	4,712.00				
Tuition	354,175.70			\$ 354,175.70		
General Supplies	237,923.97	138,778.50		71,506.19	4,046.33	23,592.95
Total Instruction	1,179,178.67	505,490.50	48,915.00	425,681.89	4,046.33	195,044.95
Support Services:						
Salaries of Other Professional Staff	79,114.50	79,114.50				
Other Salaries	21,819.00	21,819.00				
Personal Services - Employee Benefits	50,000.00					50,000.00
Purchased Professional Technical Services	15,449.00	15,449.00				
Other Purchased Services	6,335.62	6,335.62				
Transportation Other than Bet Home & School	313.50					313.50
Supplies and Materials	9,922.40	6,382.00				3,540.40
Total Support Services	182,954.02	129,100.12	-	-	-	53,853.90
Total Expenditures	\$ 1,362,132.69	\$ 634,590.62	\$ 48,915.00	\$ 425,681.89	\$ 4,046.33	\$ 248,898.85

(Continued)

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	Total Carried Forward	Preschool Education Aid	Fuel Up 60 Grant	Summer Grant	Energy for the Arts Grant
REVENUES:					
Federal Sources	\$ 221,452.00	\$ 221,452.00			
State Sources	27,446.85		\$ 3,540.40	\$ 23,330.48	\$ 575.97
Local Sources					
Total Revenues	\$ 248,898.85	\$ 221,452.00	\$ 3,540.40	\$ 23,330.48	\$ 575.97
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 122,426.00	\$ 122,426.00			
Other Salaries for Instruction	49,026.00	49,026.00			
Purchased Professional & Technical Services					
Tuition					
General Supplies	23,592.95			\$ 23,330.48	\$ 262.47
Total Instruction	195,044.95	171,452.00	-	23,330.48	262.47
Support Services:					
Salaries of Other Professional Staff					
Other Salaries	50,000.00	50,000.00			
Personal Services - Employee Benefits					
Purchased Professional Technical Services					
Other Purchased Services	313.50				313.50
Transportation Other than Bet Home & School Supplies and Materials	3540.40		\$ 3,540.40		
Total Support Services	53,853.90	50,000.00	3,540.40	-	313.50
Total Expenditures	\$ 248,898.85	\$ 221,452.00	\$ 3,540.40	\$ 23,330.48	\$ 575.97

PINE HILL BOROUGH SCHOOL DISTRICT
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 122,426.00	\$ 122,426.00	
Other Salaries for Instruction	49,026.00	49,026.00	
	<u>171,452.00</u>	<u>171,452.00</u>	-
Support Services:			
Employee Benefits	50,000.00	50,000.00	-
	<u>50,000.00</u>	<u>50,000.00</u>	-
Total Expenditures	<u>\$ 221,452.00</u>	<u>\$ 221,452.00</u>	-

Calculation of Budget and Carryover

Total Revised 2014-2015 Preschool Education Aid Allocation	\$ 221,452.00
Add: Actual ECPA Carryover (June 30, 2014)	21,851.80
Add: Budgeted Transfer from the General Fund 2014-15	<u>-</u>
Total Preschool Education Aid Funds Available for 2014-15 Budget	243,303.80
Less: 2014-15 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(221,452.00)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2015	21,851.80
Add: 2014-15 Unexpended Preschool Education Aid	-
Less: 2014-15 Commissioner Approved Transfer to General Fund	<u>-</u>
2014-2015 Carryover -- Preschool Education Aid	<u>\$ 21,851.80</u>
2014-2015 Preschool Education Aid Carryover Budgeted in 2015-16	<u>\$ 21,851.80</u>

CAPITAL PROJECTS FUND

PINE HILL BOROUGH SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2015

Project Title / Issue	Original Date	Appropriations	Expenditures to Date		Rebates	Unexpended Balance June 30, 2015
			Prior Years	Current Year		
Energy Savings Improvement Program - Energy Projects - Middle School	12/15/2012	\$ 972,323.00	\$ 937,436.34			\$ 34,886.66
Energy Savings Improvement Program - Energy Projects - Albert Bean	12/15/2012	845,222.00	814,895.69			30,326.31
Energy Savings Improvement Program - Energy Projects - John Glenn	12/15/2012	1,393,235.00	1,343,246.15			49,988.85
Energy Savings Improvement Program - Energy Projects - High School	12/15/2012	3,463,502.43	3,339,145.10		\$ 7,963.50	132,320.83
Total		\$ 6,674,282.43	\$ 6,434,723.28	-	\$ 7,963.50	\$ 247,522.65

Reconciliation to Governmental Funds Statements (GAAP):
 Unexpended Balance as of June 30, 2015
 SDA Grant Revenue Not Recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP)

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2015

Revenues and Other Financing Sources

State Sources--SCC Grant		
Bond Proceeds and Transfers		
Proceeds from Lease Purchase		
Rebates	\$ 7,963.50	
Transfer form Capital Reserve		
Transfer form Capital Outlay		
Total Revenues		\$ 7,963.50

Expenditures and Other Financing Uses

Expenditures:		
Other Purchased Professional and Technical Services		
Construction Services		
Total Expenditures		-
Other Financing Uses:		
Cacellation of SDA Grant		
Transfer to General Fund -- Capital Reserve		
Total Other Financing Uses		-
Total Expenditures and Other Financing Uses		-

Excess (Deficiency) of Revenues Over (Under) Expenditures		7,963.50
Fund Balance -- July 1		239,559.15
Fund Balance -- June 30		\$ 247,522.65
Reconciliation to Governmental Funds Statements (GAAP):		
Fund Balance as of June 30, 2015	\$ 247,522.65	
SDA Grant Revenue Not Recognized on GAAP Basis		
Fund Balance per Governmental Funds (GAAP)		\$ 247,522.65

Note: For F-2 Exhibits, SDA Grant awards are recognized as revenue and encumbrances are not included in expenditures.

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Energy Savings Improvement Program - Energy Projects - Middle School
 From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 972,323.00	_____	\$ 972,323.00	\$ 972,323.00
Total Revenues	972,323.00	-	972,323.00	972,323.00
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	14,221.37	_____	14,221.37	14,221.37
Construction Services	923,214.97	_____	923,214.97	958,101.63
Total Expenditures	937,436.34	-	937,436.34	972,323.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 34,886.66</u>	<u>-</u>	<u>\$ 34,886.66</u>	<u>-</u>
Encumbered			\$ 34,513.56	
Designated for Subsequent Years Expenditures			373.10	
			<u>\$ 34,886.66</u>	

Additional Project Information:

Project Number	4110-100-13-1000
Grant Date	N/A
Bond Authorization Date	12/15/2012
Bonds Authorized	\$ 972,323.00
Bonds Issued	972,323.00
Original Authorized Cost	972,323.00
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	96.41%
Original Target Completion Date	12/31/2013
Revised Target Completion Date	6/30/2016

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Energy Savings Improvement Program - Energy Projects - Albert Bean
 From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 845,222.00	_____	\$ 845,222.00	\$ 845,222.00
Total Revenues	845,222.00	-	845,222.00	845,222.00
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	12,362.37	_____	12,362.37	12,362.37
Construction Services	802,533.32	_____	802,533.32	832,859.63
Total Expenditures	814,895.69	-	814,895.69	845,222.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 30,326.31	-	\$ 30,326.31	-
Encumbered			\$ 30,001.98	
Designated for Subsequent Years Expenditures			324.33	
			\$ 30,326.31	

Additional Project Information:

Project Number	4110-060-13-1000
Grant Date	N/A
Bond Authorization Date	12/15/2012
Bonds Authorized	\$ 845,222.00
Bonds Issued	845,222.00
Original Authorized Cost	845,222.00
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	96.41%
Original Target Completion Date	12/31/2013
Revised Target Completion Date	6/30/2016

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Energy Savings Improvement Program - Energy Projects - John Glenn
 From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 1,393,235.00	_____	\$ 1,393,235.00	\$ 1,393,235.00
Total Revenues	1,393,235.00	-	1,393,235.00	1,393,235.00
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	20,377.71	_____	20,377.71	20,377.71
Construction Services	1,322,868.44	_____	1,322,868.44	1,372,857.29
Total Expenditures	1,343,246.15	-	1,343,246.15	1,393,235.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 49,988.85	-	\$ 49,988.85	-
Encumbered			\$ 49,454.23	
Designated for Subsequent Years Expenditures			534.62	
			\$ 49,988.85	

Additional Project Information:

Project Number	4110-070-13-1000
Grant Date	N/A
Bond Authorization Date	12/15/2012
Bonds Authorized	\$ 1,393,235.00
Bonds Issued	1,393,235.00
Original Authorized Cost	1,393,235.00
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	96.41%
Original Target Completion Date	12/31/2013
Revised Target Completion Date	6/30/2016

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Energy Savings Improvement Program - Energy Projects - High School
 From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 3,463,502.43		\$ 3,463,502.43	\$ 3,463,502.43
Rebates		\$ 7,963.50	7,963.50	7,963.50
	<u>3,463,502.43</u>	<u>7,963.50</u>	<u>3,471,465.93</u>	<u>3,471,465.93</u>
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	50,653.70		50,653.70	50,653.70
Construction Services	3,288,491.40		3,288,491.40	3,420,812.23
	<u>3,339,145.10</u>	<u>-</u>	<u>3,339,145.10</u>	<u>3,471,465.93</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 124,357.33</u>	<u>\$ 7,963.50</u>	<u>\$ 132,320.83</u>	<u>-</u>
Encumbered			\$ 123,028.29	
Designated for Subsequent Years Expenditures			<u>9,292.54</u>	
			<u>\$ 132,320.83</u>	

Additional Project Information:

Project Number	4110-100-13-1000
Grant Date	N/A
Bond Authorization Date	12/15/2012
Bonds Authorized	\$ 3,471,465.93
Bonds Issued	3,471,465.93
Original Authorized Cost	3,471,465.93
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	96.19%
Original Target Completion Date	12/31/2013
Revised Target Completion Date	6/30/2016

PROPRIETARY FUNDS

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Net Position
 June 30, 2015

	<u>Food Service</u>	<u>Parent Saver Program</u>	<u>Community Education</u>	<u>Total</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 100,413.37	\$ 201,354.91		\$ 301,768.28
Accounts Receivable:				
State	582.34			582.34
Federal	36,207.62			36,207.62
Other	4,009.35			4,009.35
Inventories	10,040.16			10,040.16
Total Current Assets	<u>151,252.84</u>	<u>201,354.91</u>	<u>-</u>	<u>352,607.75</u>
Noncurrent Assets:				
Furniture, Fixtures and Equipment	775,970.00			775,970.00
Less Accumulated Depreciation	(672,197.48)			(672,197.48)
Total Noncurrent Assets	<u>103,772.52</u>	<u>-</u>	<u>-</u>	<u>103,772.52</u>
Total Assets	<u>255,025.36</u>	<u>201,354.91</u>	<u>-</u>	<u>456,380.27</u>
LIABILITIES:				
Current Liabilities:				
Interfund Accounts Payable:				
Due General Fund	1,660.19	116,530.61		118,190.80
Unearned Revenue	6,577.91			6,577.91
Total Liabilities	<u>8,238.10</u>	<u>116,530.61</u>	<u>-</u>	<u>124,768.71</u>
NET POSITION:				
Net Investment in Capital Assets	103,772.52			103,772.52
Unrestricted	143,014.74	84,824.30		227,839.04
Total Net Position	<u>\$ 246,787.26</u>	<u>\$ 84,824.30</u>	<u>-</u>	<u>\$ 331,611.56</u>

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>	<u>Parent Saver Program</u>	<u>Community Education</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$ 159,744.47			\$ 159,744.47
School Breakfast Program	12,353.90			12,353.90
Special Milk Program	1,779.35			1,779.35
Daily Sales - Non-Reimbursable Programs	129,962.87			129,962.87
Special Functions	12,278.86			12,278.86
Program Fees		\$ 226,702.76		226,702.76
Total Operating Revenues	<u>316,119.45</u>	<u>226,702.76</u>	<u>-</u>	<u>542,822.21</u>
OPERATING EXPENSES:				
Salaries	303,779.87	117,032.08		420,811.95
Employee Benefits	81,027.56	17,747.28		98,774.84
Management Fee	43,642.81			43,642.81
General Supplies	42,760.77	13,135.76		55,896.53
Depreciation	20,867.98			20,867.98
Other Purchased Services	23,403.17	21,775.00		45,178.17
Purchased Property Services		27,000.00		27,000.00
Cost of Sales	450,973.09			450,973.09
Miscellaneous	3,157.05	32,301.85		35,458.90
Total Operating Expenses	<u>969,612.30</u>	<u>228,991.97</u>	<u>-</u>	<u>1,198,604.27</u>
Operating Income / (Loss)	<u>(653,492.85)</u>	<u>(2,289.21)</u>	<u>-</u>	<u>(655,782.06)</u>
NONOPERATING REVENUES (EXPENSES):				
State Sources:				
State School Lunch Program	11,078.67			11,078.67
Federal Sources:				
National School Lunch Program	447,011.78			447,011.78
After School Snack Program	27,590.54			27,590.54
National School Breakfast Program	119,532.69			119,532.69
Special Milk Program	1,827.15			1,827.15
Food Distribution Program	62,804.63			62,804.63
Interest Revenue	88.48	79.19		167.67
Total Nonoperating Revenues (Expenses)	<u>669,933.94</u>	<u>79.19</u>	<u>-</u>	<u>670,013.13</u>
Income (Loss) before Contributions and Transfers	16,441.09	(2,210.02)		14,231.07
Transfers Out -- General Fund	-	-	\$ (8,421.07)	(8,421.07)
Change in Net Position	16,441.09	(2,210.02)	(8,421.07)	5,810.00
Net Position -- July 1	230,346.17	87,034.32	8,421.07	325,801.56
Net Position -- June 30	<u>\$ 246,787.26</u>	<u>\$ 84,824.30</u>	<u>-</u>	<u>\$ 331,611.56</u>

BOROUGH OF PINE HILL SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>	<u>Parent Saver Program</u>	<u>Community Education</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 312,991.06	\$ 232,243.59		\$ 545,234.65
Payments to Employees	(361,921.06)	(117,032.08)		(478,953.14)
Payments for Employee Benefits	(94,473.28)	(17,747.28)		(112,220.56)
Payments for Supplies and Services	(641,565.74)	(94,212.61)		(735,778.35)
Net Cash Provided by (used for) Operating Activities	<u>(784,969.02)</u>	<u>3,251.62</u>		<u>(781,717.40)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
State Sources	11,021.29			11,021.29
Federal Sources	653,151.23			653,151.23
Operating Subsidies and Transfers		54,972.45	\$ (8,421.07)	46,551.38
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>664,172.52</u>	<u>54,972.45</u>	<u>(8,421.07)</u>	<u>710,723.90</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	88.48	79.19	-	167.67
Net Increase (Decrease) in Cash and Cash Equivalents	(120,708.02)	58,303.26	(8,421.07)	(70,825.83)
Cash and Cash Equivalents -- July 1	221,121.39	143,051.65	8,421.07	372,594.11
Cash and Equivalents -- June 30	<u>\$ 100,413.37</u>	<u>\$ 201,354.91</u>	<u>-</u>	<u>\$ 301,768.28</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (653,492.85)	\$ (2,289.21)		\$ (655,782.06)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Depreciation and Net Amortization	20,867.98			20,867.98
(Increase) Decrease in Inventories	81.30			81.30
Increase (Decrease) in Accounts Payable	(149,297.06)			(149,297.06)
Increase (Decrease) in Unearned Revenue	(2,297.42)	(400.13)		(2,697.55)
(Increase) Decrease in Accounts Receivable	(830.97)	5,940.96		5,109.99
Total Adjustments	<u>(131,476.17)</u>	<u>5,540.83</u>	<u>-</u>	<u>(125,935.34)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (784,969.02)</u>	<u>\$ 3,251.62</u>	<u>-</u>	<u>\$ (781,717.40)</u>

FIDUCIARY FUNDS

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2015

	<u>Trust Funds</u>	<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:				
Cash and Cash Equivalents	\$ 50,521.60	\$ 197,978.44	\$ 26,148.49	\$ 274,648.53
Accounts Receivable:				
Interfund Accounts Receivable:				
Due Payroll Fund	491.92			491.92
Total Assets	<u>51,013.52</u>	<u>\$ 197,978.44</u>	<u>\$ 26,148.49</u>	<u>275,140.45</u>
LIABILITIES:				
Accounts Payable	3,739.51			3,739.51
Interfund Accounts Payable:				
Due General Fund	18,629.61			18,629.61
Due Unemployment Fund			\$ 491.92	491.92
Payable to Student Groups		\$ 197,978.44		197,978.44
Payroll Deductions and Withholdings			25,656.57	25,656.57
Total Liabilities	<u>22,369.12</u>	<u>\$ 197,978.44</u>	<u>\$ 26,148.49</u>	<u>246,496.05</u>
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 28,644.40</u>			<u>\$ 28,644.40</u>

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2015

	Unemployment Compensation <u>Trust</u>
ADDITIONS:	
Contributions and Donations from Payroll Deductions Withheld	\$ 32,563.20
Investment Earnings: Interest	<u>50.16</u>
Total Additions	<u>32,613.36</u>
DEDUCTIONS:	
Unemployment Claims	<u>37,245.59</u>
Total Deductions	<u>37,245.59</u>
Change in Net Position	(4,632.23)
Net Position -- July 1	<u>33,276.63</u>
Net Position -- June 30	<u><u>\$ 28,644.40</u></u>

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Bean School	\$ 17,001.01	\$ 13,420.71	\$ 12,421.26	\$ 18,000.46
Glenn School	3,018.58	8,069.77	6,920.11	4,168.24
Middle School	10,919.48	11,119.71	9,617.91	12,421.28
High School	162,152.69	399,433.58	414,394.67	147,191.60
Athletic Program	<u>17,812.33</u>	<u>48,461.32</u>	<u>50,076.79</u>	<u>16,196.86</u>
Total All Schools	<u>\$ 210,904.09</u>	<u>\$ 480,505.09</u>	<u>\$ 493,430.74</u>	<u>\$ 197,978.44</u>

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 31,956.69	\$ 21,927,702.25	\$ 21,933,510.45	\$ 26,148.49
Interfund Accounts Receivable:				
Due Unemployment	<u>4,307.43</u>	<u>27,763.85</u>	<u>32,071.28</u>	
Total Assets	<u>\$ 36,264.12</u>	<u>\$ 21,955,466.10</u>	<u>\$ 21,965,581.73</u>	<u>\$ 26,148.49</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 36,264.12	\$ 10,413,853.64	\$ 10,424,461.19	\$ 25,656.57
Net Payroll		11,539,668.79	11,539,668.79	
Interfund Accounts Payable:				
General Fund		282.13	282.13	
Due Unemployment Fund		491.92		491.92
Contra		<u>1,169.62</u>	<u>1,169.62</u>	
Total Liabilities	<u>\$ 36,264.12</u>	<u>\$ 21,955,466.10</u>	<u>\$ 21,965,581.73</u>	<u>\$ 26,148.49</u>

LONG-TERM DEBT

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2015

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>	
2012 Energy Savings Improvement Program Energy Projects	12/15/12	\$ 3,260,000.00	12/15/15	\$ 155,000.00	2.000%					
			12/15/16	160,000.00	2.000%					
			12/15/17	170,000.00	2.000%					
			12/15/18	180,000.00	2.000%					
			12/15/19	195,000.00	2.000%					
			12/15/20	200,000.00	2.250%					
			12/15/21	215,000.00	2.500%					
			12/15/22	225,000.00	2.750%					
			12/15/23	240,000.00	2.750%					
			12/15/24	255,000.00	3.000%					
			12/15/25	270,000.00	3.000%					
			12/15/26	285,000.00	3.125%					
			12/15/27	305,000.00	3.125%	\$ 3,065,000.00		\$ 210,000.00	\$ 2,855,000.00	
	2012 Energy Savings Improvement Program Co-Gen Projects	12/15/12	3,210,000.00	12/15/15	115,000.00	2.000%				
				12/15/16	125,000.00	2.000%				
				12/15/17	130,000.00	2.000%				
				12/15/18	135,000.00	2.000%				
			12/15/19	140,000.00	2.000%					
			12/15/20	150,000.00	2.250%					
			12/15/21	155,000.00	2.500%					
			12/15/22	165,000.00	2.750%					
			12/15/23	175,000.00	2.750%					
			12/15/24	185,000.00	3.000%					
			12/15/25	195,000.00	3.000%					
			12/15/26	205,000.00	3.125%					
			12/15/27	215,000.00	4.000%	3,160,000.00		110,000.00	3,050,000.00	
Refunding Bonds 2014	1/16/2014	6,680,000.00	05/01/16	1,290,000.00	3.000%					
			05/01/17	1,325,000.00	3.000%					
			05/01/18	1,355,000.00	3.000%					
			05/01/19	1,385,000.00	3.000%	6,630,000.00		1,275,000.00	5,355,000.00	
						<u>\$ 12,855,000.00</u>	<u>-</u>	<u>\$ 1,595,000.00</u>	<u>\$ 11,260,000.00</u>	
Debt Service Fund								\$ 1,275,000.00		
General Fund								<u>320,000.00</u>		
								<u>\$ 1,595,000.00</u>		

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2015

Series	Date of Lease	Term of Lease	Amount of Original Issue Principal	Interest	Interest Rate Payable	Amount Outstanding June 30, 2014	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2015 (a)
1 - Sixteen Passenger School Bus	10/01/11	5 Year	\$ 56,556.00	\$ 3,900.10	3.45%	\$ 22,986.18		\$ 11,298.20	\$ 11,687.98
Security System (John Glenn Elementary)	06/07/12	5 Year	46,953.52	12,162.48	9.90%	36,820.85		11,135.36	25,685.49
Security System (Dr. Albert Bean Elementary)	06/07/12	5 Year	46,858.93	12,017.07	9.80%	36,732.58		11,118.83	25,613.75
Miscellaneous IT Equipment	07/15/13	5 Year	405,120.00	9,584.48	1.18%	322,179.11		79,129.52	243,049.59
						\$ 418,718.72	-	\$ 112,681.91	\$ 306,036.81

(a) Future Interest Payments Removed from Carrying Value of Leases.

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Debt Service Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 806,772.00		\$ 806,772.00	\$ 806,772.00	
State Sources:					
Debt Service Aid Type II	738,671.00		738,671.00	738,671.00	
Total Revenues	<u>1,545,443.00</u>	<u>-</u>	<u>1,545,443.00</u>	<u>1,545,443.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	270,444.00		270,444.00	186,150.00	\$ 84,294.00
Redemption of Principal	1,275,000.00		1,275,000.00	1,275,000.00	
Total Expenditures	<u>1,545,444.00</u>	<u>-</u>	<u>1,545,444.00</u>	<u>1,461,150.00</u>	<u>84,294.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1.00)</u>	<u>-</u>	<u>(1.00)</u>	<u>84,293.00</u>	<u>84,294.00</u>
Fund Balance, July 1	39,474.84	-	39,474.84	39,474.84	-
Fund Balance, June 30	<u>\$ 39,473.84</u>	<u>-</u>	<u>\$ 39,473.84</u>	<u>\$ 123,767.84</u>	<u>\$ 84,294.00</u>

STATISTICAL SECTION

Financial Trends Information

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

PINE HILL BOROUGH SCHOOL DISTRICT

Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities:										
Net Investment in Capital Assets	\$ 6,636,829.31	\$ 5,538,817.85	\$ 394,097.68	\$ 4,433,372.80	\$ 3,351,259.60	\$ 2,158,827.16	\$ 1,466,403.06	\$ 812,108.99	\$ 134,619.88	\$ (527,859.10)
Restricted	3,407,281.59	2,748,338.99	6,097,897.13	1,028,063.90	810,045.50	728,617.03	486,743.92	111,647.26	(15,101.86)	(12,998.38)
Unrestricted	(10,833,279.84)	(2,461,226.05)	(2,261,390.60)	(782,167.17)	(1,340,318.60)	(1,735,152.31)	(1,359,000.92)	(1,285,812.43)	(1,470,268.66)	(1,651,198.21)
Total Governmental Activities Net Position	\$ (789,168.94)	\$ 5,825,930.79	\$ 4,230,604.21	\$ 4,679,269.53	\$ 2,820,986.50	\$ 1,152,291.88	\$ 594,146.46	\$ (362,056.18)	\$ (1,350,750.64)	\$ (2,192,055.69)
Business-type Activities:										
Net Investment in Capital Assets	\$ 103,772.52	\$ 124,640.50	\$ 145,508.48	\$ 182,808.00	\$ 210,578.00	\$ 157,694.00	\$ 179,888.00	\$ 202,975.00	\$ 225,509.00	\$ 252,246.00
Unrestricted	227,839.04	201,161.06	150,482.79	130,602.74	112,957.85	112,510.57	26,449.23	18,821.77	40,640.08	29,784.08
Total Business-type Activities Net Assets	\$ 331,611.56	\$ 325,801.56	\$ 295,991.27	\$ 313,410.74	\$ 323,535.85	\$ 270,204.57	\$ 206,337.23	\$ 221,796.77	\$ 266,149.08	\$ 282,030.08
District-wide:										
Net Investment in Capital Assets	\$ 6,740,601.83	\$ 5,663,458.35	\$ 539,606.16	\$ 4,616,180.80	\$ 3,561,837.60	\$ 2,316,521.16	\$ 1,646,291.06	\$ 1,015,083.99	\$ 360,128.88	\$ (275,613.10)
Restricted	3,407,281.59	2,748,338.99	6,097,897.13	1,028,063.90	810,045.50	728,617.03	486,743.92	111,647.26	(15,101.86)	(12,998.38)
Unrestricted	(10,605,440.80)	(2,260,064.99)	(2,110,907.81)	(651,564.43)	(1,227,360.75)	(1,622,641.74)	(1,332,551.29)	(1,266,990.66)	(1,429,628.58)	(1,621,414.13)
Total District-wide Net Position	\$ (457,557.38)	\$ 6,151,732.35	\$ 4,526,595.48	\$ 4,992,680.27	\$ 3,144,522.35	\$ 1,422,496.45	\$ 800,483.69	\$ (140,259.41)	\$ (1,084,601.56)	\$ (1,910,025.61)

Source: Exhibit A-1

In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed. See the notes to the financial statements.

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's. 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

PINE HILL BOROUGH SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 9,245,692.72	\$ 9,837,853.64	\$ 9,277,047.96	\$ 12,843,277.16	\$ 13,188,486.01	\$ 13,313,159.35	\$ 13,038,951.08	\$ 11,620,618.15	\$ 11,847,433.87	\$ 11,504,440.32
Special Education	4,011,383.51	4,147,991.57	4,469,482.97	6,462,691.58	6,575,624.55	6,576,860.94	5,625,824.82	6,894,336.40	6,432,465.23	6,147,150.05
Other Special Education	379,478.54	363,788.92	364,739.19	1,365,931.07	1,347,920.00	1,415,265.46	1,391,551.04	1,269,482.09	1,261,161.28	1,249,469.45
Other Instruction	644,922.54	602,570.22	637,654.59	1,873,789.76	1,811,127.30	1,947,641.01	2,067,034.84	1,631,444.31	1,422,871.60	1,286,941.30
Tuition	2,502,369.56	1,873,789.76	1,642,798.50	1,970,370.64	1,811,127.30	1,947,641.01	2,067,034.84	1,631,444.31	1,422,871.60	1,286,941.30
Support Services:										
Student and Instruction Related Services	3,480,610.94	3,413,941.96	3,336,359.99	4,295,745.87	3,930,677.06	4,109,385.63	3,685,810.17	3,746,438.18	3,373,659.43	3,388,602.55
School Administrative Services	1,246,654.19	1,204,866.29	1,239,093.74	1,649,388.23	1,844,184.66	1,727,471.44	1,749,777.97	1,913,896.31	1,925,617.03	1,425,665.20
Other Administrative Services	928,366.99	884,173.82	1,000,471.36	1,362,276.45	1,202,364.77	1,363,746.46	1,191,821.11	1,031,190.33	1,112,789.20	2,009,250.54
Plant Operations and Maintenance	3,051,042.16	3,234,003.40	3,226,962.40	3,738,724.60	3,801,639.95	4,380,039.30	3,760,126.92	3,533,629.88	3,479,817.79	3,297,876.92
Pupil Transportation	1,296,971.55	1,177,550.29	1,147,150.54	1,107,354.07	1,202,166.76	1,261,465.16	1,413,057.75	1,298,581.10	1,173,750.71	1,148,632.95
Unallocated Benefits	5,486,577.14	5,338,858.01	7,013,596.83	1,107,354.07	1,202,166.76	1,261,465.16	1,413,057.75	1,298,581.10	1,173,750.71	1,148,632.95
Reimbursed TPAF and Social Security	3,103,716.84	2,716,470.74	3,260,019.16	141,852.91	126,957.05	124,452.98	23,716.85	31,064.75	25,853.26	19,521.72
Transfer to Charter Schools	186,007.00	140,004.00	151,623.00	3,260,019.16	126,957.05	124,452.98	23,716.85	31,064.75	25,853.26	19,521.72
Payment of Bond Issue Costs	101,241.09	101,241.09	74,062.43	151,623.00	126,957.05	124,452.98	23,716.85	31,064.75	25,853.26	19,521.72
Interest on Long-Term Debt	386,355.89	412,273.65	480,540.50	480,540.50	511,917.05	499,880.55	508,750.76	555,887.31	592,414.08	644,084.63
Unallocated Depreciation	556,076.55	698,057.81	558,002.07	480,225.15	511,917.05	499,880.55	508,750.76	555,887.31	592,414.08	644,084.63
Total Governmental Activities Expenses	36,488,226.12	36,147,433.17	37,879,625.23	35,275,984.82	35,416,100.11	36,594,915.20	34,432,706.46	33,485,504.06	32,621,960.22	32,114,073.91
Business-type Activities:										
Food Service	969,612.30	934,982.97	939,677.53	908,869.06	859,166.12	891,295.26	842,718.63	882,596.08	831,003.63	845,280.44
Parent Saver Program	228,991.97	202,874.40	179,153.51	12,999.82	12,999.82	12,999.82	12,999.82	12,999.82	12,999.82	12,999.82
Community Education and Recreation										
Other		12,636.37								
Total Business-type Activities Expense	1,198,604.27	1,150,493.74	1,131,830.86	1,050,721.97	986,123.17	1,015,746.24	866,435.48	913,650.83	856,856.89	864,802.16
Total District Expenses	\$ 37,686,830.39	\$ 37,297,926.91	\$ 39,011,456.09	\$ 36,326,706.79	\$ 36,402,223.28	\$ 37,610,663.44	\$ 35,299,141.94	\$ 34,399,154.89	\$ 33,478,817.11	\$ 32,978,876.07
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 5,150,244.12	\$ 5,606,727.70	\$ 5,294,185.79	\$ 54,923.19	\$ 96,214.28	\$ 100,853.31	\$ 99,520.43	\$ 93,338.28	\$ 90,078.35	\$ 97,949.99
Operating Grants and Contributions	4,561,891.44	4,039,097.10	4,798,434.38	1,986,547.61	2,421,783.06	2,625,698.21	2,244,548.90	3,382,111.65	3,285,408.72	3,537,480.95
Capital Grants and Contributions				17,423.69	656,249.96	51,284.31				
Total Governmental Activities Program Revenues	9,712,135.56	9,645,824.80	10,092,620.17	2,058,894.49	3,174,247.30	2,777,813.83	2,344,069.33	3,475,449.93	3,375,487.07	3,635,430.94

(Continued)

PINE HILL BOROUGH SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Actual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Program Revenues (Cont'd):										
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 316,119.45	\$ 320,032.75	\$ 326,499.41	\$ 327,139.34	\$ 346,887.56	\$ 365,792.27	\$ 336,809.27	\$ 383,182.80	\$ 407,648.76	\$ 421,928.53
Parent Saver Program	226,702.76	237,565.18	182,464.52	120,685.41	132,255.26	132,555.26	21,616.16	30,455.34	27,519.04	20,236.33
Community Education		12,897.01	11,026.22	22,796.32	34,836.72	34,836.72				
Other					132,255.02	552,679.08	484,389.28	454,309.38	400,949.09	375,446.38
Operating Grants and Contributions	669,845.46	609,424.86	594,027.55	569,666.98	514,145.74					
Total Business-type Activities Program Revenues	1,212,667.67	1,180,019.80	1,114,017.70	1,040,288.05	993,288.32	1,075,863.33	842,814.71	867,947.52	836,116.89	820,611.24
Total District Program Revenues	\$ 10,924,803.23	\$ 10,825,844.60	\$ 11,206,637.87	\$ 3,089,182.54	\$ 4,167,535.62	\$ 3,853,677.16	\$ 3,186,884.04	\$ 4,343,397.45	\$ 4,211,603.96	\$ 4,456,042.18
Net (Expense)/Revenue:										
Governmental Activities	\$ (26,776,090.56)	\$ (26,501,608.37)	\$ (27,787,005.06)	\$ (33,217,090.33)	\$ (32,241,852.81)	\$ (33,817,101.37)	\$ (32,088,637.13)	\$ (30,010,054.13)	\$ (29,246,473.15)	\$ (28,478,642.97)
Business-type Activities	14,063.40	29,526.06	(17,813.16)	(10,433.92)	7,165.15	60,115.09	(23,620.77)	(45,703.31)	(20,740.00)	(44,190.92)
Total District-wide Net Expense	\$ (26,762,027.16)	\$ (26,472,082.31)	\$ (27,804,818.22)	\$ (33,227,524.25)	\$ (32,234,687.66)	\$ (33,756,986.28)	\$ (32,112,257.90)	\$ (30,055,757.44)	\$ (29,267,213.15)	\$ (28,522,833.89)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 10,534,434.00	\$ 10,327,876.00	\$ 10,051,631.00	\$ 9,854,540.00	\$ 9,769,157.00	\$ 9,445,343.00	\$ 9,082,061.00	\$ 9,184,495.00	\$ 9,066,552.00	\$ 8,315,108.00
Taxes Levied for Debt Service	806,772.00	809,905.00	813,663.00	816,444.00	818,493.00	553,125.00	612,983.00	515,798.00	627,268.00	607,525.00
Unrestricted Grants and Contributions	16,661,076.15	645,670.32	15,726,407.29	18,921,588.29	17,673,034.96	18,733,980.76	17,807,424.13	16,051,306.52	15,078,937.20	14,070,433.97
Restricted Grants and Contributions	645,355.47	16,185,736.96	564,000.85	5482,801.07	5,649,862.47	5,646,550.28	5,563,089.87	5,267,904.84	5,323,021.00	5,806,687.62
Other	205,652.14	127,746.67	115,050.56	62,029.50	115,050.56	(12,557.00)	(19,403.77)	(1,351.00)	(8,000.00)	(5,140.06)
Disposal/Adjustment of Assets						(3,752.25)	(8,161.23)			
Transfers	8,421.07	5,557.54	5,557.54							
Total Governmental Activities	28,861,910.83	28,096,934.95	27,338,339.74	35,075,373.36	33,910,547.43	34,375,246.79	33,044,839.77	30,986,748.59	30,087,778.20	28,794,614.53
Business-type Activities:										
Investment Earnings	167.67	284.23	393.69	308.81	254.41				(3,141.00)	
Adjustment to Fixed Assets	(8,421.07)				45,911.72	3,752.25	8,161.23	1,351.00	8,000.00	5,140.06
Transfers										
Total Business-type Activities	(8,253.40)	284.23	393.69	308.81	46,166.13	3,752.25	8,161.23	1,351.00	4,859.00	5,140.06
Total District-wide	\$ 28,853,657.43	\$ 28,097,219.18	\$ 27,338,733.43	\$ 35,075,682.17	\$ 33,956,713.56	\$ 34,378,999.04	\$ 33,053,001.00	\$ 31,000,099.59	\$ 30,092,637.20	\$ 28,799,754.59
Change in Net Position:										
Governmental Activities	\$ 2,085,820.27	\$ 1,595,326.58	\$ (448,665.32)	\$ 1,858,283.03	\$ 1,668,694.62	\$ 568,145.42	\$ 956,202.64	\$ 988,694.46	\$ 841,305.05	\$ 315,971.56
Business-type Activities	5,810.00	29,810.29	(17,419.47)	(10,125.11)	53,331.28	63,867.34	(15,459.54)	(44,352.31)	(15,881.00)	(39,050.86)
Total District	\$ 2,091,630.27	\$ 1,625,136.87	\$ (466,084.79)	\$ 1,848,157.92	\$ 1,722,025.90	\$ 632,012.76	\$ 940,743.10	\$ 944,342.15	\$ 825,424.05	\$ 276,920.70

Source: Exhibit A-2

In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed. See the notes to the financial statements.

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

PINE HILL BOROUGH SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Restricted	\$ 2,482,076.41	\$ 2,506,676.46	\$ 1,501,289.35	\$ 1,375,098.38	\$ 317,067.46	\$ 1,107,106.50	\$ 1,203,126.76	\$ 839,293.02	\$ 634,349.00	\$ 596,819.00
Committed				25,000.00						
Assigned	1,068,590.57	551,574.59	20,712.90	889,016.00	640,500.00					
Unassigned	(888,908.93)	(926,113.85)		(897,495.26)	(763,183.50)	(846,072.86)	(882,354.49)	(15,959.33)	19,803.62	26,855.40
Total General Fund	\$ 2,661,768.05	\$ 2,132,137.20	\$ 1,522,002.25	\$ 1,391,619.12	\$ 194,383.96	\$ 261,033.64	\$ 320,772.27	\$ 823,333.69	\$ 654,152.62	\$ 623,674.40
All Other Governmental Funds:										
Restricted	\$ 371,290.49	\$ 279,033.99	\$ 4,596,607.78	\$ (20,499.74)	\$ 274,698.54	\$ 150.00			\$ 31,766.34	\$ 9,874.00
Committed					286,959.50					
Assigned				1.00	320.00					
Unassigned, Reported in:										
Capital Projects Fund						248,040.75	\$ 51,093.92	\$ 40,197.26	45,186.80	45,186.80
Special Revenue Fund	(283.40)	(1,084.30)	(23,888.60)			(20,500.00)	(19,500.00)	(69,200.00)	(61,585.00)	(58,831.00)
Debt Service Fund						319.78				31,821.82
Total All Other Governmental Funds	\$ 370,997.09	\$ 277,949.69	\$ 4,572,719.18	\$ (20,498.74)	\$ 561,978.04	\$ 228,010.53	\$ 31,593.92	\$ (29,002.74)	\$ 15,368.14	\$ 28,051.62

Source: Exhibit B-1

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

PINE HILL BOROUGH SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Tax Levy	\$ 11,341,206.00	\$ 11,137,781.00	\$ 10,865,294.00	\$ 10,670,984.00	\$ 10,587,650.00	\$ 9,999,468.00	\$ 9,695,044.00	\$ 9,700,293.00	\$ 9,693,820.00	\$ 8,922,633.00
Other Local Revenue	5,385,478.59	5,758,772.65	5,700,553.36	5,658,619.06	5,749,339.75	5,747,035.80	5,662,610.30	5,362,245.12	5,413,093.35	5,904,637.61
Proceeds from the Issuance of Bonds			6,470,000.00							
State Sources	20,537,569.84	19,820,527.74	19,922,740.26	19,295,160.43	19,203,048.69	17,154,203.07	18,921,122.86	18,327,689.81	17,122,282.62	16,156,879.93
Federal Sources	1,301,370.89	1,025,678.36	1,166,102.26	1,606,120.30	1,544,756.29	4,256,738.21	1,130,850.17	1,104,725.36	1,242,063.30	1,451,034.99
Total Revenue	38,565,625.32	37,742,759.75	44,124,689.88	37,230,883.79	37,084,794.73	37,156,445.08	35,409,627.33	34,494,953.29	33,471,265.27	32,435,185.53
Expenditures:										
Instruction										
Regular Instruction	9,500,090.82	9,375,325.05	9,240,975.37	9,070,519.88	9,288,776.12	9,838,676.54	9,890,451.87	8,561,331.24	8,346,035.88	8,335,042.16
Special Education Instruction	4,120,128.22	4,170,982.91	4,469,462.97	4,556,692.60	4,746,033.18	4,854,185.37	4,315,280.78	4,885,001.79	4,567,256.05	4,513,082.09
Other Special Instruction	379,478.54	363,786.92	384,739.19	963,086.03	963,781.87	1,044,565.34	1,096,875.51	923,629.41	915,646.69	937,801.09
Other Instruction	644,922.54	602,570.22	637,654.59							
Tuition	2,502,369.56	1,873,789.76	1,642,798.50	1,899,908.64	1,775,817.30	1,932,082.01	2,067,034.84	1,631,444.31	1,422,871.60	1,286,941.30
Support Services:										
Student and Instruction Related Services	3,480,610.94	3,413,941.96	3,336,359.99	3,028,829.88	2,832,132.27	3,033,015.30	2,900,382.49	2,696,078.15	2,410,268.72	2,493,304.63
School Administrative Services	1,246,654.19	1,204,866.29	1,238,015.98	940,875.56	1,289,405.33	1,274,995.29	1,314,847.45	1,340,507.47	1,346,538.33	1,303,081.67
Other Administrative Services	986,832.62	912,091.48	1,000,471.36	1,182,578.72	919,968.53	1,006,540.70	1,096,922.00	1,183,562.63	1,420,893.78	1,405,662.82
Plant Operations and Maintenance	3,524,918.85	3,638,494.52	3,214,081.35	3,063,519.86	3,065,383.81	3,266,383.87	3,200,558.23	2,892,432.36	2,830,016.92	2,710,179.28
Pupil Transportation	1,284,293.12	1,225,119.31	1,143,664.60	1,116,780.80	1,104,404.47	1,190,592.79	1,344,672.41	1,220,109.70	1,100,679.91	1,086,781.44
Unallocated Benefits	5,464,764.24	5,381,020.60	5,903,889.40	8,522,185.37	8,476,037.53	7,838,311.58	6,967,388.00	7,504,456.26	7,589,053.60	6,547,132.64
Reimbursed TPAP Pension and Social Security	3,103,716.84	2,716,470.74	3,260,019.16							
Transfer to Charter Schools	186,007.00	140,004.00	151,623.00	70,462.00	35,310.00	15,559.00				11,940.00
Debt Service:										
Principal	1,275,000.00	1,270,000.00	1,180,000.00	1,150,000.00	1,120,000.00	1,000,000.00	990,163.35	922,832.50	865,501.65	798,313.53
Interest and Other Charges	186,150.00	241,969.66	378,643.76	414,581.26	448,181.26	470,842.39	517,669.48	558,237.06	596,223.83	632,942.39
Capital Outlay	65,440.66	5,302,080.87	2,402,055.48	539,488.87	730,245.23	250,632.46	141,184.45	48,769.22	34,477.57	129,169.78
Total Expenditures	37,951,378.14	41,832,514.29	39,584,474.70	36,519,509.47	36,817,476.90	37,016,382.64	35,843,430.86	34,368,792.10	33,445,470.53	32,191,374.82
Excess (Deficiency) of Revenues Over (Under) Expenditures	614,247.18	(4,089,754.54)	4,560,215.18	711,374.32	267,317.83	140,062.44	(433,803.53)	126,161.19	25,794.74	243,810.71
Other Financing Sources (Uses):										
Capital Leases (Non-budgeted)		405,120.00	157,828.33	(96,615.94)						
Capital Project Fund Cancellations			5,557.54	9,004.82	9,004.82	265,097.00	42,258.00	75,784.22	(8,000.00)	130,000.00
Transfers In	8,421.07			(9,004.82)		(268,481.46)	(50,419.23)	(77,135.22)		(135,140.06)
Transfers Out										
Total Other Financing Sources (Uses)	8,421.07	405,120.00	163,385.87	(96,615.94)	(3,384.46)	(3,384.46)	(8,161.23)	(1,351.00)	(8,000.00)	(5,140.06)
Net Change in Fund Balances	\$ 622,668.25	\$ (3,684,634.54)	\$ 4,723,601.05	\$ 614,758.38	\$ 267,317.83	\$ 136,677.98	\$ (441,964.76)	\$ 124,810.19	\$ 17,794.74	\$ 238,670.65
Debt Service as a Percentage of Noncapital Expenditures	3.9%	4.1%	4.2%	4.3%	4.3%	4.0%	4.2%	4.3%	4.4%	4.5%

Source: Exhibit B-2

PINE HILL BOROUGH SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30.									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Rental of Facilities	\$ 28,540.00	\$ 2,850.00	\$ 2,400.92							
Sale of District Assets	5,950.00	31,655.68	10,284.00							
Refund of Prior Year Expenditures	42,540.91	11,758.27	10,148.26							
Other	56,356.88	43,191.52	8,636.54	\$ 300,702.01	\$ 189,455.47	\$ 240,368.99	\$ 50,941.72	\$ 350.22	\$ 7,231.24	\$ 4,109.97
Transportation Fees	60,717.24		53,188.28	54,923.19	96,214.28	100,853.31	127,921.55	75,144.35	63,671.86	95,003.79
E-Rate Refunds			23,937.39				99,520.43	93,338.28	90,078.35	97,949.99
Settlement		33,769.55								
Premium on Sale of Bonds		4,521.65	87,034.58	2,000.00	2,000.00	2,000.00	3,430.77	41,078.05	68,517.90	37,573.86
Interest Earned on Deposits	3,783.61		6,455.17							
Total Miscellaneous Revenues	\$ 197,888.64	\$ 127,746.67	\$ 202,085.14	\$ 357,625.20	\$ 287,669.75	\$ 343,222.30	\$ 281,814.47	\$ 209,910.90	\$ 229,499.35	\$ 234,637.61

Source: District Records

Revenue Capacity Information

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

PINE HILL BOROUGH SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2015	\$ 14,922,700.00	\$ 457,726,300.00	\$ 1,734,500.00	\$ 17,493,900.00	\$ 950,400.00	\$ 36,120,900.00	\$ 528,948,700.00	\$ 536,881.00	\$ 529,485,581.00	\$ 117,254,400.00	\$ 467,764,776.00	\$ 2.196
2014	15,764,200.00	460,410,000.00	1,734,500.00	16,754,600.00	1,137,000.00	34,664,500.00	530,464,800.00	513,771.00	530,978,571.00	117,567,800.00	478,625,353.00	2.116
2013	16,778,100.00	463,651,900.00	1,734,500.00	15,419,700.00	1,137,000.00	28,288,700.00	527,009,900.00	747,660.00	527,757,560.00	118,966,900.00	490,033,613.02	2.084
2012	17,119,900.00	465,951,900.00	1,734,500.00	15,933,900.00	1,137,000.00	27,738,700.00	529,615,900.00	771,734.00	530,387,634.00	119,178,200.00	520,308,618.00	2.030
2011	17,478,700.00	467,055,900.00	1,734,500.00	15,139,200.00	1,137,000.00	30,238,700.00	532,784,000.00	774,765.00	533,588,765.00	119,610,600.00	537,830,016.00	1.992
2010	(3) 17,711,100.00	468,088,900.00	1,734,500.00	14,803,800.00	1,137,000.00	35,071,200.00	538,546,500.00	943,064.00	539,489,564.00	74,815,580.00	568,284,964.00	1.908
2009	8,097,400.00	245,331,300.00	960,500.00	7,829,200.00	694,700.00	13,288,900.00	276,202,000.00	463,560.00	276,665,560.00	74,393,980.00	547,019,513.00	3.559
2008	8,189,500.00	244,839,400.00	960,500.00	7,667,600.00	694,700.00	13,288,900.00	275,640,600.00	434,843.00	276,075,443.00	74,035,580.00	501,297,567.00	3.513
2007	7,998,500.00	244,952,000.00	1,008,400.00	7,613,400.00	772,800.00	13,288,900.00	275,632,000.00	448,556.00	276,080,556.00	72,432,380.00	427,219,658.00	3.512
2006	7,076,920.00	244,717,390.00	261,500.00	7,546,300.00	772,800.00	13,788,900.00	274,163,810.00	613,460.00	274,777,270.00	72,432,380.00	371,216,257.00	3.388

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax Rates are per \$100.00 of Assessed Valuation

(3) Revaluation

Source: Camden County Board of Taxation

PINE HILL BOROUGH SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)
Unaudited

Year Ended Dec. 31	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Borough of Pine Hill	Borough of Pine Hill Fire District	Camden County	
2015	\$ 2.040	\$ 0.156	\$ 2.196	\$ 0.960	\$ 0.169	\$ 0.775	\$ 4.100
2014	1.962	0.154	2.116	0.930	0.165	0.771	3.982
2013	1.928	0.156	2.084	0.894	0.166	0.770	3.914
2012	1.876	0.154	2.030	0.858	0.162	0.759	3.809
2011	1.839	0.153	1.992	0.823	0.145	0.718	3.678
2010	1.781	0.127	1.908	0.783	0.138	0.673	3.502
2009	3.348	0.211	3.559	1.376	0.259	1.251	6.445
2008	3.291	0.222	3.513	1.306	0.250	1.261	6.330
2007	3.286	0.226	3.512	1.116	0.238	1.277	6.143
2006	3.169	0.219	3.388	1.115	0.188	1.260	5.951

(1) Revaluation

Source: Municipal Tax Collector

PINE HILL BOROUGH SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Chalet Gardens Realty Corp (Chalet Apartments)	\$ 15,000,000.00	1	2.83%	\$ 9,000,000.00	1	3.28%
East Coast Chateau Ridge Apartments	11,000,000.00	2	2.08%	4,500,000.00	2	1.64%
Pine Hill Redevelopment Associates	9,549,900.00	3	1.80%			
Messer Holding, LLC	1,622,300.00	4	0.31%	524,000.00	4	0.19%
AB Woodcrest Fields, LLC	1,531,400.00	5	0.29%			
National Paving Company, LLC	1,230,900.00	6	0.23%			
Pine Hill Market, Inc.	1,053,000.00	7	0.20%	517,700.00	5	0.19%
Carl Pursell	1,034,600.00	8	0.20%			
Che Group, LLC	882,400.00	9	0.17%			
Recon Investments Group, LLC	875,000.00	10				
Verizon				638,460.00	3	0.23%
International Seal and Packing				309,100.00	9	0.11%
S & R Properties				459,700.00	6	0.17%
Pine Valley Gun Club				432,700.00	8	0.16%
DePaul Barabara A				445,200.00	7	
Bonagura, Luca				227,300.00	10	
Total	\$ 43,779,500.00		8.10%	\$ 17,054,160.00		5.96%

Source: Municipal Tax Assessor

PINE HILL BOROUGH SCHOOL DISTRICT
 Property Tax Levies and Collections
 Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	School District Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2015	\$ 11,341,206.00	\$ 11,341,206.00	100.00%	-
2014	11,137,781.00	11,137,781.00	100.00%	-
2013	10,865,294.00	10,865,294.00	100.00%	-
2012	10,670,984.00	10,670,984.00	100.00%	-
2011	10,587,650.00	10,587,650.00	100.00%	-
2010	9,998,468.00	9,998,468.00	100.00%	-
2009	9,695,044.00	9,695,044.00	100.00%	-
2008	9,700,293.00	9,700,293.00	100.00%	-
2007	9,693,820.00	9,693,820.00	100.00%	-
2006	8,922,633.00	8,922,633.00	100.00%	-

(1) School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: District Records

Debt Capacity Information

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

PINE HILL BOROUGH SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Capital Leases	Bond Anticipation Notes	Capital Leases	Unavailable			
2015	\$ 11,260,000.00	\$ 306,036.81	-	-	\$ 11,566,036.81	Unavailable	Unavailable	
2014	12,855,000.00	418,718.72	-	-	13,273,718.72	Unavailable	\$ 1,268.51	
2013	14,495,000.00	127,720.04	-	-	14,622,720.04	3.06%	1,395.83	
2012	9,205,000.00	-	-	-	9,205,000.00	1.94%	875.17	
2011	10,355,000.00	-	-	-	10,355,000.00	2.29%	1,014.60	
2010	11,475,000.00	-	-	-	11,475,000.00	2.66%	1,122.25	
2009	12,475,000.00	-	-	-	12,475,000.00	2.62%	1,101.06	
2008	13,410,000.00	55,352.00	-	-	13,465,352.00	2.83%	1,190.36	
2007	14,280,000.00	108,184.00	-	-	14,388,184.00	3.12%	1,273.07	
2006	15,095,000.00	158,686.00	-	-	15,253,686.00	3.44%	1,354.44	

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by county-estimated based upon the 2010 Census published

PINE HILL BOROUGH SCHOOL DISTRICT
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2015	\$ 11,260,000.00	-	\$ 11,260,000.00	2.13%	Unavailable
2014	12,855,000.00	-	12,855,000.00	2.42%	\$ 1,228.50
2013	14,495,000.00	-	14,495,000.00	2.75%	1,383.64
2012	9,205,000.00	-	9,205,000.00	1.74%	875.17
2011	11,475,000.00	-	11,475,000.00	2.15%	1,124.34
2010	12,475,000.00	-	12,475,000.00	2.31%	1,220.05
2009	11,605,000.00	-	11,605,000.00	4.19%	1,024.27
2008	12,475,000.00	-	12,475,000.00	4.52%	1,102.81
2007	13,410,000.00	-	13,410,000.00	4.86%	1,186.52
2006	14,280,000.00	-	14,280,000.00	5.20%	1,267.98

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

PINE HILL BOROUGH SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2014
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Borough of Pine Hill</u>
Municipal Debt: (1)				
Pine Hill Borough School District	\$ 12,535,000.00	\$ 12,535,000.00		
Borough of Pine Hill	<u>4,751,553.75</u>		<u>\$ 4,751,553.75</u>	<u>\$ 4,751,553.75</u>
	<u>17,286,553.75</u>	<u>12,535,000.00</u>	<u>4,751,553.75</u>	<u>4,751,553.75</u>
Overlapping Debt Apportioned to the Municipality: (2)				
County of Camden:				
General:				
Bonds	39,300,000.00		24,023,178.00	310,834.72 (5)
Loan Agreement	222,633,220.00	15,276,822.00 (3)	222,633,220.00	2,880,640.34 (5)
Bonds Issued by Other Public Bodies				
Guaranteed by the County	675,337,694.00	675,337,694.00 (4)		
Pine Hill MUA - Sewer	1,867,944.24		1,867,944.24	
Pine Hill MUA - Water	<u>1,766,085.61</u>		<u>1,766,085.61</u>	<u>1,766,085.61</u>
	<u>940,904,943.85</u>	<u>690,614,516.00</u>	<u>250,290,427.85</u>	<u>6,825,504.91</u>
	<u>\$ 958,191,497.60</u>	<u>\$ 703,149,516.00</u>	<u>\$ 255,041,981.60</u>	<u>\$ 11,577,058.66</u>

Sources:

- (1) 2014 Annual Debt Statement
- (2) Entity's Respective 2014 Reports of Audit
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Borough's share of the total 2014 Equalized Value, which is 1.29%.
 The source for this computation was the 2014 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation

PINE HILL BOROUGH SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2014

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Equalized valuation basis (1)	\$ 468,567,088	\$ 478,423,386	\$ 478,423,386	\$ 478,423,386	\$ 478,423,386	\$ 478,423,386	\$ 478,423,386	\$ 478,423,386	\$ 478,423,386	\$ 478,423,386
Debt limit 4%	19,136,935	19,136,935	19,136,935	19,136,935	19,136,935	19,136,935	19,136,935	19,136,935	19,136,935	19,136,935
Total Net Debt Applicable to Limit	\$ 7,876,935.44	\$ 7,002,970.17	\$ 6,244,921.29	\$ 12,375,301.00	\$ 11,666,399.00	\$ 10,641,217.00	\$ 9,641,217.00	\$ 7,015,727.00	\$ 3,692,370.00	\$ 396,732.00
Legal debt margin	58.84%	64.73%	69.89%	42.65%	47.02%	51.89%	56.41%	64.12%	78.41%	97.30%
Total net debt applicable to the limit as a percentage of debt limit										

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 12 district.
- (3) District Records

Demographic and Economic Information

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

PINE HILL BOROUGH SCHOOL DISTRICT
 Demographic and Economic Statistics
 Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2014	10,464	Unavailable	Unavailable	10.70%
2013	10,476	\$ 477,118,944.00	\$ 45,544.00	9.80%
2012	10,518	473,972,634.00	45,063.00	12.40%
2011	10,206	451,401,174.00	44,229.00	12.60%
2010	10,225	431,801,750.00	42,230.00	12.00%
2009	11,330	476,267,880.00	42,036.00	7.70%
2008	11,312	475,737,472.00	42,056.00	5.90%
2007	11,302	461,098,996.00	40,798.00	6.40%
2006	11,262	443,429,988.00	39,374.00	5.90%
2005	11,252	418,146,824.00	37,162.00	6.50%

Sources:

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

PINE HILL BOROUGH SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Current Year and Nine Years Ago
Unaudited

	2015			2006		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Pine Hill Golf Club	100	1	1.86%			
Pine Hill Market	30	2	0.56%	30	1	0.47%
Kentucky Fried Chicken	29	3	0.54%	29	2	0.45%
Wawa, Inc.	20	4	0.37%	20	3	0.31%
Carl Pursell	12	5	0.22%			
International Seal and Packing	11	6	0.20%	11	7	0.17%
Pine Hill Printing	10	7	0.19%	10	8	0.16%
Accelerated Services Systems	10	8	0.19%			
DeSorte Associates	< 10	9,10	N/A	20	4	0.31%
Glenn Habina and Son	< 10	9,10	N/A	14	5	0.22%
Wawa, Inc.				13	6	0.20%
Heritage Dairy Store				10	9	0.16%
	<u>222</u>		<u>4.12%</u>	<u>157</u>		<u>2.46%</u>

Source: Individual Employers

Operating Information

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

PINE HILL BOROUGH SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction										
Regular	156.0	157.0	143.0	149.0	152.0	152.0	156.0	153.0	150.0	152.0
Special education	57.0	57.0	65.0	71.0	75.0	72.5	68.5	64.0	60.5	59.0
Other special education	4.0	4.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Vocational	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Other instruction	7.0	7.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Support Services:										
Tuition										
Student & instruction related services	20.0	20.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
General administrative services	4.0	4.0	4.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
School administrative services	17.0	17.0	17.0	21.0	22.0	22.0	22.0	20.0	20.0	20.0
Business administrative services	5.0	5.0	5.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0
Plant operations and maintenance	29.0	29.5	34.5	34.0	34.0	34.0	34.0	34.0	34.0	35.0
Pupil transportation	6.0	8.0	6.0	6.0	6.0	6.0	4.0	3.5	3.5	3.5
Total	307.0	310.5	309.5	331.0	339.0	337.5	335.5	325.5	319.0	321.5

Source: District Records

PINE HILL BOROUGH SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Elementary	Middle School	High School				
2015	\$ 36,424,787.48	\$ 18,843.66	2.35%	226	1:18	1:38	1:26	1,939.0	1,831.5	2.03%	94.46%
2014	35,018,463.76	18,411.39	-0.97%	227	1:18	1:38	1:26	1,900.5	1,792.9	2.09%	94.34%
2013	35,603,775.46	18,592.05	3.83%	233	1:23	1:49	1:18	1,861.5	1,756.8	-2.54%	94.38%
2012	34,415,439.00	17,906.06	3.85%	235	1:17	1:17	1:18	1,910.0	1,784.0	-1.95%	93.40%
2011	34,519,050.00	17,242.28	-0.83%	233	1:20	1:25	1:20	1,948.0	1,817.0	-3.13%	93.28%
2010	35,294,414.00	17,386.41	6.32%	235	1:20	1:26	1:20	2,011.0	1,973.0	-0.40%	98.11%
2009	34,194,414.00	16,353.14	6.77%	235	1:20	1:26	1:20	2,019.0	1,887.0	-6.05%	93.46%
2008	32,838,953.00	15,316.68	4.17%	230	1:20	1:26	1:20	2,149.0	2,017.0	-1.10%	93.86%
2007	31,949,267.00	14,702.84	5.31%	232	1:20	1:26	1:20	2,173.0	2,025.0	-0.96%	93.19%
2006	30,630,949.00	13,961.23	7.15%	221	1:20	1:26	1:20	2,194.0	2,040.0	-2.53%	92.98%

Sources: District Records

PINE HILL BOROUGH SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District Building										
Elementary										
Albert Bean (1952)										
Square Feet	40,853	40,853	40,853	40,853	40,853	40,853	40,853	40,853	40,853	40,853
Capacity (students)	375	375	375	375	375	375	375	375	375	375
Enrollment	401	360	380	383	368	363	384	388	359	362
John Glenn (1964)										
Square Feet	52,790	52,790	52,790	52,790	52,790	52,790	52,790	52,790	52,790	52,790
Capacity (students)	425	425	425	425	425	425	425	425	425	425
Enrollment	480	390	419	415	424	418	441	452	472	485
Middle School										
Pine Hill Middle School (2002)										
Square Feet	100,532	100,532	100,532	100,532	100,532	100,532	100,532	100,532	100,532	100,532
Capacity (students)	681	681	681	681	681	681	681	681	681	681
Enrollment	332	349	352	367	365	364	364	385	396	406
High School										
Overbrook High School (2002)										
Square Feet	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Capacity (students)	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224
Enrollment	720	803	764	728	776	817	866	919	988	949
Other										
Garage/Storage (2002)										
Square Feet	1,624	1,624	1,624	1,624	1,624	1,624	1,624	1,624	1,624	1,624
Technology (2002)										
Square Feet	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596
Garage/Ticket Booth (2002)										
Square Feet	600	600	600	600	600	600	600	600	600	600
Garage/Field Bathrooms (2002)										
Square Feet	600	600	600	600	600	600	600	600	600	600

Number of Schools at June 30, 2015
 Elementary = 2
 Middle School = 1
 High School = 1
 Other = 4

Source: District Records

PINE HILL BOROUGH SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Ten Fiscal Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES (11-000-261-XXX)

* School Facilities	Fiscal Year Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
John H Glenn School	\$ 89,142.00	\$ 156,858.17	\$ 148,381.58	\$ 126,497.00	\$ 166,915.00	\$ 138,491.00	\$ 208,302.00	\$ 130,080.00	\$ 117,664.00	\$ 117,770.00
Albert Bean School	102,528.00	146,059.19	122,847.51	137,408.00	105,403.00	136,996.00	178,949.00	135,656.00	116,056.00	126,972.00
Middle School	145,185.00	136,662.60	125,718.41	219,067.00	192,597.00	159,601.00	165,302.00	120,241.00	108,362.00	108,582.00
High School	256,124.12	169,207.31	408,977.73	218,768.00	204,397.00	214,008.00	264,598.00	239,623.00	240,458.00	197,697.00
	602,979.12	608,787.27	805,925.23	701,740.00	669,312.00	649,096.00	817,151.00	625,600.00	582,540.00	551,021.00
Other Facilities	-	78,485.11	28,588.80	-	-	-	-	-	-	-
Grand Total	\$ 602,979.12	\$ 687,272.38	\$ 834,514.03	\$ 701,740.00	\$ 669,312.00	\$ 649,096.00	\$ 817,151.00	\$ 625,600.00	\$ 582,540.00	\$ 551,021.00

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

Source: District Records

PINE HILL BOROUGH SCHOOL DISTRICT

Insurance Schedule

June 30, 2015

Unaudited

		<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:			
Blanket Property & Business Personal Property	(B) \$	250,000,000.00	\$ 2,500.00
Boiler and Machinery	(B)	100,000,000.00	2,500.00
Crime and Fidelity:			
Crime Coverage	(B)	50,000.00	
Blanket Dishonesty Bond	(B)	500,000.00	
Computer Fraud	(B)	50,000.00	
Forgery and Alteration	(B)	50,000.00	
General and Automobile Liability	(B)	5,000,000.00	
Workers Compensation		Statutory	
Employers' Liability	(A)	5,000,000.00	
Environmental Impairment	(A)	25,000,000.00	10,000.00
Excess Liability	(A)	5,000,000.00	
School Leaders Professional Liability	(A)	5,000,000.00	5,000.00
Monumental Life Insurance Company:			
Student Accident	(B)	1,000,000.00	
Athletic Coverage	(B)	5,000,000.00	
Selective Insurance Company of America:			
Treasurer		250,000.00	
School Business Administrator		105,000.00	
(A)	Per Claim/Annual Aggregate		
(B)	Per Occurrence		

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Pine Hill School District
County of Camden
1003 Turnerville Road
Pine Hill, New Jersey 08021

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Pine Hill School District's, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2015. The School District's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Pine Hill School District's, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Pine Hill School District, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and New Jersey Circular 15-08-OMB, and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as item 2015-001. Our opinion on each major federal and state program is not modified with respect to this matter.

The School District's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Borough of Pine Hill School District, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Public School Accountant No. CS 002376

Voorhees, New Jersey
December 11, 2015

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2015

<u>Federal Grantor/ Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2014</u>
				<u>From</u>	<u>To</u>	
General Fund						
U.S. Department of Health and Human Services:						
Passed-through the State Department of Education:						
Medical Assistance Program (Medicaid):						
Special Education Medicaid Initiative	93.778	N/A	\$ 149,731.52	7-1-14	6-30-15	
Medicaid Administrative Claiming Aid	93.778	N/A	15,628.17	7-1-14	6-30-15	
Special Education Medicaid Initiative ARRA Reconciliation	93.778	N/A	22,777.36	12-31-08	12-31-10	
Total Medical Assistance Program (Medicaid)						-
Total General Fund						-
Special Revenue Fund:						
U.S. Department of Education:						
Passed-through State Department of Education:						
N.C.L.B.:						
Title I, Part A	84.010A	NCLB411014	563,575.00	7-1-13	6-30-14	\$ (21,639.38)
Title I, Part A	84.010A	NCLB411015	562,894.00	7-1-14	6-30-15	
Total Title I, Part A						(21,639.38)
Title II, Part A, Improving Teacher Quality	84.367A	NCLB411015	48,915.00	7-1-14	6-30-15	-
I.D.E.A. Part B:						
Special Education Cluster:						
Basic	84.027	FT411014	360,440.00	7-1-13	6-30-14	(167,339.00)
Basic	84.027	FT411015	428,436.00	7-1-14	6-30-15	
Preschool	84.173	PS411014	13,655.00	7-1-13	6-30-14	(313.00)
Preschool	84.173	PS411015	14,193.00	7-1-14	6-30-15	
Total I.D.E.A. Part B Special Education Cluster						(167,652.00)
Total Special Revenue Fund						(189,291.38)
Enterprise Fund:						
U.S. Department of Agriculture:						
Passed-through State Department of Education:						
Child Nutrition Cluster:						
School Breakfast Program	10.553	Unavailable	102,723.28	7-1-13	6-30-14	(8,692.00)
School Breakfast Program	10.553	Unavailable	119,532.69	7-1-14	6-30-15	
National School Lunch Program	10.555	Unavailable	416,556.48	7-1-13	6-30-14	(21,765.37)
National School Lunch Program	10.555	Unavailable	447,011.78	7-1-14	6-30-15	
Food Distribution Program	10.555	Unavailable	77,879.45	7-1-13	6-30-14	4,248.11
Food Distribution Program	10.555	Unavailable	62,804.63	7-1-14	6-30-15	
After School Snack Program	10.555	Unavailable	27,590.54	7-1-14	6-30-15	
National School Milk Program	10.556	Unavailable	1,424.06	7-1-13	6-30-14	(134.69)
National School Milk Program	10.556	Unavailable	1,827.15	7-1-14	6-30-15	
Total Child Nutrition Cluster						(26,343.95)
Total Enterprise Fund						(26,343.95)
Total Federal Financial Assistance						\$ (215,635.33)

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

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2015		
					(Accounts Receivable)	Unearned Revenue	Due to Grantor
	\$ 127,028.40	\$ 149,731.52			\$ (22,703.12)		
	15,628.17	15,628.17					
	<u>22,777.36</u>		\$ (22,777.36)				
-	165,433.93	165,359.69	(22,777.36)	-	(22,703.12)	-	-
-	165,433.93	165,359.69	(22,777.36)	-	(22,703.12)	-	-
\$ (71,696.62)	93,336.00						
<u>71,696.62</u>	<u>215,751.00</u>	<u>634,590.62</u>			<u>(347,143.00)</u>		
-	309,087.00	634,590.62	-	-	(347,143.00)	-	-
-	48,915.00	48,915.00	-	-	-	-	-
	167,339.00						
	405,745.00	425,681.89			(22,691.00)	\$ 2,754.11	
	313.00						
	<u>4,046.00</u>	<u>4,046.33</u>			<u>(10,147.00)</u>	<u>10,146.67</u>	
-	577,443.00	429,728.22	-	-	(32,838.00)	12,900.78	-
-	935,445.00	1,113,233.84	-	-	(379,981.00)	12,900.78	-
	8,692.00						
	110,261.58	119,532.69			(9,271.11)		
	21,765.37						
	421,775.82	447,011.78			(25,235.96)		
		4,248.11					
	62,804.63	59,035.47				3,769.16	
	26,013.68	27,590.54			(1,576.86)		
	134.69						
	<u>1,703.46</u>	<u>1,827.15</u>			<u>(123.69)</u>		
-	653,151.23	659,245.74	-	-	(36,207.62)	3,769.16	-
-	653,151.23	659,245.74	-	-	(36,207.62)	3,769.16	-
-	\$ 1,754,030.16	\$ 1,937,839.27	\$ (22,777.36)	-	\$ (438,891.74)	\$ 16,669.94	-

BOROUGH OF PINE HILL SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2015

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	
			From	To	Unearned Revenue / Accounts Receivable	Due to Grantor
General Fund:						
New Jersey Department of Education:						
Current Expense:						
State Aid - Public Cluster:						
Equalization Aid	14-495-034-5120-078	\$ 14,483,942.00	7-1-13	6-30-14	\$ (1,412,813.89)	
Equalization Aid	15-495-034-5120-078	14,483,942.00	7-1-14	6-30-15		
Categorical Special Education Aid	14-495-034-5120-089	866,509.00	7-1-13	6-30-14	(84,522.29)	
Categorical Special Education Aid	15-495-034-5120-089	866,509.00	7-1-14	6-30-15		
Categorical Security Aid	14-495-034-5120-084	411,232.00	7-1-13	6-30-14	(40,112.99)	
Categorical Security Aid	15-495-034-5120-084	411,232.00	7-1-14	6-30-15		
School Choice Aid	14-495-034-5120-068	86,785.00	7-1-13	6-30-14	(8,465.31)	
School Choice Aid	15-495-034-5120-068	265,460.00	7-1-14	6-30-15		
PARCC Readiness Aid	15-495-034-5120-098	15,735.00	7-1-14	6-30-15		
Per Pupil Growth Aid	15-495-034-5120-097	15,735.00	7-1-14	6-30-15		
Total State Aid - Public Cluster					(1,545,914.48)	-
State Aid - Transportation:						
Categorical Transportation Aid	14-495-034-5120-014	223,925.00	7-1-13	6-30-14	(21,842.42)	
Categorical Transportation Aid	15-495-034-5120-014	223,925.00	7-1-14	6-30-15		
Additional Non-Public Transportation Aid	14-495-034-5120-014	8,884.00	7-1-13	6-30-14	(8,884.00)	
Additional Non-Public Transportation Aid	15-495-034-5120-014	6,399.00	7-1-14	6-30-15		
Total State Aid - Transportation					(30,726.42)	-
Extraordinary Aid						
Extraordinary Aid	14-100-034-5120-473	78,717.00	7-1-13	6-30-14	(78,717.00)	
Extraordinary Aid	15-100-034-5120-473	186,259.00	7-1-14	6-30-15		
Total Extraordinary Aid					(78,717.00)	-
Homeless Tuition Aid						
Homeless Tuition Aid	15-495-034-5120-005	27,881.00	7-1-14	6-30-15	-	-
Reimbursed TPAF Social Security Contributions						
Reimbursed TPAF Social Security Contributions	14-495-034-5094-003	1,031,204.74	7-1-13	6-30-14	(51,225.82)	
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	1,024,253.84	7-1-14	6-30-15		
Total Reimbursed TPAF Social Security Contributions					(51,225.82)	-
Total General Fund					(1,706,583.72)	-
Special Revenue Fund:						
Preschool Education Aid	14-495-034-5120-086	229,361.00	7-1-13	6-30-14	(1,084.30)	
Preschool Education Aid	15-495-034-5120-086	221,452.00	7-1-14	6-30-15		
Total Preschool Education Aid					(1,084.30)	-
Total Special Revenue Fund					(1,084.30)	-
Debt Service Fund:						
New Jersey Department of Education:						
School Construction Debt Service Aid	15-495-034-5120-075	738,671.00	7-1-14	6-30-15	-	-
Enterprise Fund:						
New Jersey Department of Agriculture:						
Child Nutrition Cluster:						
State School Lunch Aid	14-100-010-3350-023	10,841.59	7-1-13	6-30-14	(524.96)	
State School Lunch Aid	15-100-010-3350-023	11,078.67	7-1-14	6-30-15		
Total Enterprise Fund					(524.96)	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit					(1,708,192.98)	-
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:						
General Fund (Non-Cash Assistance):						
New Jersey Department of the Treasury:						
On-behalf T.P.A.F. Pension Contributions - Normal Cost	15-495-034-5094-006	803,657.00	7-1-14	6-30-15		
On-behalf T.P.A.F. Pension Contributions - Post Retirement Medical	15-495-034-5094-001	1,275,806.00	7-1-14	6-30-15		
Total General Fund (Non-Cash Assistance)					-	-
Total State Financial Assistance					\$ (1,708,192.98)	-

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

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2015			Memo	
					(Accounts Receivable)	Unearned Revenue / Interfund Payable	Due to Grantor	Budgetary Receivable June 30, 2015	Cumulative Total Expenditures
	\$ 1,412,813.89								
	13,062,553.29	\$ 14,483,942.00			\$ (1,421,388.71)			\$ (1,421,388.71)	\$ 14,483,942.00
	84,522.29								
	781,473.72	866,509.00			(85,035.28)			(85,035.28)	866,509.00
	40,112.99								
	370,875.55	411,232.00			(40,356.45)			(40,356.45)	411,232.00
	8,465.31								
	239,408.95	265,460.00			(26,051.05)			(26,051.05)	265,460.00
	14,190.84	15,735.00			(1,544.16)			(1,544.16)	15,735.00
	14,190.84	15,735.00			(1,544.16)			(1,544.16)	15,735.00
-	16,028,607.67	16,058,613.00	-	-	(1,575,919.81)	-	-	(1,575,919.81)	16,058,613.00
	21,842.42								
	201,950.01	223,925.00			(21,974.99)			(21,974.99)	223,925.00
	8,884.00								
		6,399.00			(6,399.00)				6,399.00
-	232,676.43	230,324.00	-	-	(28,373.99)	-	-	(21,974.99)	230,324.00
	78,717.00								
		186,259.00			(186,259.00)				186,259.00
-	78,717.00	186,259.00	-	-	(186,259.00)	-	-	-	186,259.00
-	-	27,881.00	-	-	(27,881.00)	-	-	-	27,881.00
	51,225.82								
	953,141.06	1,024,253.84			(71,112.78)				1,024,253.84
-	1,004,366.88	1,024,253.84	-	-	(71,112.78)	-	-	-	1,024,253.84
-	17,344,367.98	17,527,330.84	-	-	(1,889,546.58)	-	-	(1,597,894.80)	17,527,330.84
	22,936.10					\$ 21,851.80			207,509.20
	199,306.80	221,452.00			(22,145.20)			(22,145.20)	221,452.00
-	222,242.90	221,452.00	-	-	(22,145.20)	21,851.80	-	(22,145.20)	428,961.20
-	222,242.90	221,452.00	-	-	(22,145.20)	21,851.80	-	(22,145.20)	430,453.20
-	738,671.00	738,671.00	-	-	-	-	-	-	738,671.00
	524.96								
	10,496.33	11,078.67			(582.34)				11,078.67
-	11,021.29	11,078.67	-	-	(582.34)	-	-	-	11,078.67
-	18,316,303.17	18,498,532.51	-	-	(1,912,274.12)	21,851.80	-	(1,620,040.00)	18,707,533.71
	803,657.00	803,657.00							803,657.00
	1,275,806.00	1,275,806.00							1,275,806.00
-	2,079,463.00	2,079,463.00	-	-	-	-	-	-	2,079,463.00
-	\$ 20,395,766.17	\$ 20,577,995.51	-	-	\$ (1,912,274.12)	\$ 21,851.80	-	\$ (1,620,040.00)	\$ 20,786,996.71

BOROUGH OF PINE HILL SCHOOL DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2015

Note 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Pine Hill School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the capital projects fund are presented on the modified accrual basis of accounting and programs recorded in the food service fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations and New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; therefore, some amounts presented in the schedules 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is (\$30,137.90) for the general fund and \$2,726.38 for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$1,935.48 for the special revenue fund and there is no adjustment for the general fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance (Cont'd)**

Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 165,359.69	\$ 19,606,793.84	\$ 19,772,153.53
Special Revenue	1,113,233.84	221,452.00	1,334,685.84
Debt Service		738,671.00	738,671.00
Food Service	<u>659,245.74</u>	<u>11,078.67</u>	<u>670,324.41</u>
Total Awards and Financial Assistance	<u>\$ 1,278,593.53</u>	<u>\$ 20,577,995.51</u>	<u>\$ 21,845,510.37</u>

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: ADJUSTMENTS

The amount reported in the column entitled "adjustments" represents an increase in the SEMI Federal Medical Assistance Percentage (FMAP) under the American Recovery and Reinvestment Act (ARRA) from December 31, 2008 through December 31, 2010.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2015, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the Federal Food Distribution Program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF members.

Note 7: MAJOR PROGRAMS

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

PINE HILL BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? _____ yes no

Significant deficiency(ies) identified? _____ yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 15-08-OMB? _____ yes _____ no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
15-495-034-5120-078	State Aid Public Cluster -- Equalization Aid
15-495-034-5120-089	State Aid Public Cluster -- Special Education Aid
15-495-034-5120-084	State Aid Public Cluster -- Security Aid
15-495-034-5120-068	State Aid Public Cluster -- School Choice Aid
15-495-034-5120-098	State Aid Public Cluster -- PARCC Readiness Aid
15-495-034-5120-097	State Aid Public Cluster -- Per Pupil Growth Aid
15-495-034-5094-003	Reimbursed TPAF Social Security Contributions
15-495-034-5120-075	School Construction Debt Service Aid

Dollar threshold used to determine Type A programs \$ 554,956.00

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

PINE HILL BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section 2- Schedule of Financial Statement Findings

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

None.

PINE HILL BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

None.

PINE HILL BOROUGH SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2015

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

Finding No. 2015-001

Information on the State Program

State Aid Public:

- Equalization Aid (GMIS No. 495-034-5120-078)
- Special Education Aid (GMIS No. 495-034-5120-089)
- Security Aid (GMIS No. 495-034-5120-084)
- School Choice Aid (GMIS No. 495-034-5120-068)
- PARCC Readiness Aid (GMIS No. 495-034-5120-098)
- Per Pupil Growth Aid (GMIS No. 495-034-5120-097)

Criteria or Specific Requirement

The Local Public Contracts Law requires that bids be obtained, contracts are advertised and contracts are awarded in the minute record for purchases in excess of the bid threshold.

Condition

Our audit of compliance with the Local Public Contracts Law revealed that one contract was not bid, three contracts were not awarded in the minutes and three contract awards were not advertised.

Questioned Costs

None.

Context

Of the fourteen contracts tested, one contract was not bid, three contracts were not awarded in the minutes and three contracts were not advertised.

Effect

The School District did not fully comply with the Local Public Contracts Law.

Cause

Oversight by the responsible official.

Recommendation

That the district ensure compliance with all facets of the regulations set forth in the Local Public Contracts Law.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

PINE HILL BOROUGH SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

Finding No. 2014-001

Condition

Our audit of the proprietary funds revealed that there is inadequate segregation of duties and there is an insufficient audit trail over the processing and reconciliation of receipts.

Current Status

This condition has been resolved.

FEDERAL AWARDS

None.

PINE HILL BOROUGH SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

STATE FINANCIAL ASSISTANCE PROGRAMS**Finding No. 2014-002****Information on the State Program**

State Aid Public:

- Equalization Aid (GMIS No. 495-034-5120-078)
- Special Education Categorical Aid (GMIS No. 495-034-5120-089)
- Security Aid (GMIS No. 495-034-5120-084)
- School Choice Aid (GMIS No. 495-034-5120-068)

Condition

Our audit of compliance with the Local Public Contracts Law and Pay to Play Law revealed that one contract was not bid, eight contracts were not awarded in the minutes and four contract awards were not advertised.

Current Status

This condition remains unchanged as evidenced by finding number 2015-001.

Finding No. 2014-003**Information on the State Program**

State Aid Public:

- Equalization Aid (GMIS No. 495-034-5120-078)
- Special Education Categorical Aid (GMIS No. 495-034-5120-089)
- Security Aid (GMIS No. 495-034-5120-084)
- School Choice Aid (GMIS No. 495-034-5120-068)

Condition

The School District did not maximize participation in the SEMI program by obtaining a ninety percent return rate of parental consent forms for all SEMI eligible students and by achieving one hundred percent of the revenue benchmark.

Current Status

This condition has been resolved.

