

**Borough of Pitman School District  
Board of Education  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**BOROUGH OF PITMAN SCHOOL DISTRICT**

**PITMAN, NEW JERSEY 08071**

**Borough of Pitman School Board of Education  
Pitman, New Jersey 08071**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Of the

**Borough of Pitman School Board of Education  
Pitman, New Jersey 08071**

**For the Fiscal Year Ended June 30, 2015**

Prepared by:

**Borough of Pitman School  
Board of Education Administration**

## OUTLINE OF CAFR

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	2-9
Roster of Officials	10
Consultants and Advisors	11
	12
<b>FINANCIAL SECTION</b>	
	13
<b>Independent Auditor's Report</b>	14-16
<b>Required Supplementary Information – Part I</b>	17
<b>Management's Discussion and Analysis</b>	18-26
<b>Basic Financial Statements</b>	27
A. District-Wide Financial Statements:	28
A-1 Statement of Net Position	29
A-2 Statement of Activities	30
B. Fund Financial Statements:	31
Governmental Funds:	
B-1 Balance Sheet	32-33
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	34
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Proprietary Funds:	
B-4 Statement of Net Position	36
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	37
B-6 Statement of Cash Flows	38
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	39
B-8 Statement of Changes in Fiduciary Net Position	40
<b>Notes to the Financial Statements</b>	41-66
<b>Required Supplementary Information – Part II</b>	67
C. Budgetary Comparison Schedules:	68
C-1 Budgetary Comparison Schedule – General Fund	69-76
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	77
<b>Notes to the Required Supplementary Information – Part II</b>	78
C-3 Budget-to-GAAP Reconciliation - Note to RSI	79

	<b>Page</b>
<b>Required Supplementary Information – Part III</b>	<b>80</b>
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	81
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	82
L-2 Schedule of District Contributions – PERS	83
L-3 Schedule of the District’s Proportionate Share of Net Pension Liability – TPAF	84
<b>Notes to the Required Supplementary Information – Part III</b>	<b>85-86</b>
<b>Other Supplementary Information</b>	<b>87</b>
D. School Based Budget Schedules <b>(if applicable)</b> :	N/A
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	88
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	89-90
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	N/A
F. Capital Projects Fund:	91
F-1 Summary Schedule of Project Expenditures	92
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	93
F-2(x) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	94
G. Proprietary Funds:	95
Enterprise Fund:	
G-1 Combining Schedule of Net Position	96
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	97
G-3 Combining Schedule of Cash Flows	98
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A

	<b>Page</b>
H. Fiduciary Funds:	99
H-1 Combining Statement of Fiduciary Net Position	100
H-2 Combining Statement of Changes in Fiduciary Net Position	101
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	101
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	102
I. Long-Term Debt:	103
I-1 Schedule of Serial Bonds	104
I-2 Schedule of Obligations under Capital Leases	105
I-3 Debt Service Fund Budgetary Comparison Schedule	106
<b>STATISTICAL SECTION (Unaudited)</b>	107
<b>Introduction to the Statistical Section</b>	108
<b>Financial Trends</b>	
J-1 Net Position by Component	109
J-2 Changes in Net Position	110-111
J-3 Fund Balances - Governmental Funds	112
J-4 Changes in Fund Balances - Governmental Funds	113-114
J-5 General Fund Other Local Revenue by Source	115
<b>Revenue Capacity</b>	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	116
J-7 Direct and Overlapping Property Tax Rates	117
J-8 Principal Property Taxpayers	118
J-9 Property Tax Levies and Collections	119
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type	120
J-11 Ratios of General Bonded Debt Outstanding	121
J-12 Direct and Overlapping Governmental Activities Debt	122
J-13 Legal Debt Margin Information	123
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	124
J-15 Principal Employers	125
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	126
J-17 Operating Statistics	127
J-18 School Building Information	128
J-19 Schedule of Required Maintenance Expenditures by School Facility	129
J-20 Insurance Schedule	130
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios/Renaissance School Project Framework, Financial Performance, Fiscal Ratios	N/A

## SINGLE AUDIT SECTION

Page  
131

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	132-133
K-2	Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and New Jersey OMB Circulars 04-04 and/or 15-08	134-136
K-3	Schedule of Expenditures of Federal Awards, Schedule A	137
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	138
K-5	Notes to the Schedules of Awards and Financial Assistance	139-140
K-6	Schedule of Findings and Questioned Costs	141-145
K-7	Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by Management	146

## INTRODUCTORY SECTION

# Pitman Public Schools

420 Hudson Avenue, Pitman, NJ 08071-1094

Administrative Office: (856)589-2145 Business Office: (856)589-0369 Fax: (856)582-5465

---

**Patrick J. McAleer, Ed. D**

*Superintendent of Schools*  
pmcaller@pitman.k12.nj.us

**Deborah J. Roncace**

*Business Administrator/ Board Secretary*  
droncace@pitman.k12.nj.us

November 25, 2015

Stacy DeClement, President  
Members of the Board of Education  
Pitman Public Schools  
420 Hudson Avenue  
Pitman, New Jersey 08071

Dear Board Members:

The comprehensive annual financial report of the Pitman Public School District for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Independent Auditor's Report, MD&A, and the basic financial statements; including the district-wide fund statements, notes to the financial statements, required supplementary information, other than MD&A, including budgetary comparison schedules, and other supplementary information. The statistical section includes selected financial and demographic information generally presented this year on a multi-year basis. The Pitman School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments," and the New Jersey OMB Circulars 04-04 and/or 15-08, "Single Audit Policy 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 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 Pitman Public School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Pitman Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for handicapped youngsters (Pre-K through 12). The District completed the 2014-2015 fiscal year with a total enrollment of

## 1) REPORTING ENTITY AND ITS SERVICES (CONTINUED)

1464 which included 36 parent paid 3 and 4 year old inclusion students, 31 parent paid tuition students grades K-12, 1 student attending an alternative school program, 20 out-of-district handicapped student placements, and 330 special education students in District.

In the 2005-2006 school year, the District began providing child care (Panther Club) for students ages 4 through Grade 5 at each of the elementary schools, enrolling approximately 75 students.

At the end of the 2014-2015 school year, the Panther Club had a total of approximately 150 students participating, including the ½ day care program for kindergarten and 4 year old students which is a decrease of 31 students.

The increase in labor costs associated with the negotiated agreement with the Pitman Education Association was a major portion of the budget increase. The Pitman Education Association represents approximately 92% of the entire work force. Negotiations were completed as of

April 2015, for a five year contract for the 2014/2015 through 2018/2019 school years.

Health insurance also continues to increase. The District had experienced cost increases ranging from 7% to 15% in previous years. Through negotiations, the Pitman Board of Education has been able to implement cost saving measures to offset the increases. These included increasing certain co-pays, as well as providing a payment of \$5,000 for individuals who wish to "sell back" their insurance plan. The district also joined a health benefit trust with thirty other districts in 2011-2012 to reduce premium increases. An alternate health insurance plan (higher co-pays and deductible options) is also now offered.

The District authorized a special election for September 29, 2009, to provide for the installation of solar energy at the high school; which is projected to reduce energy costs, as well as provide for a decrease in taxes due to the state's SREC program.

### ENROLLMENT AS OF JUNE 30

FISCAL YEAR	TOTAL STUDENT ENROLLMENT	SPECIAL EDUCATION ENROLLMENT
2005-2006	1609	267
2006-2007	1590	313**
2007-2008	1548*	310**
2008-2009	1621	310
2009-2010	1598	300
2010-2011	1590	300
2011-2012	1564	330
2012-2013	1544	330
2013-2014	1505	330
2014-2015	1464	330

**Note:** The data reported above is the actual number of students on roll at the close of school as opposed to "average daily enrollment" which is listed in the statistical data section of this report.

\* Does NOT include 19 Parent Paid Tuition Students grades K-12 and 54 Parent Paid Tuition Students ages 3 and 4.

\* \*Includes 26 out of district placements

## 2) ECONOMIC CONDITION AND OUTLOOK

In March 2011, the community experienced a major setback with the closing of the Sony DADC manufacturing plant, resulting in the loss of approximately 400 jobs. Sony DADC, which manufactured CD's and DVD's at the plant, is the largest property owner and taxpayer in the town.

The facility had been scaling back activity over recent years, and had reached a tax settlement with the municipality that changed the property's assessed value and ratable status beginning in calendar year 2011. The change in ratable status had an impact on recent school budgets, resulting in an additional share of the tax increase being shifted to the remaining tax payers, primarily homeowners. Future school budgets will be similarly impacted by the decline in assessed value of the property. The SONY property was purchased in early 2013 by a New York based company for approximately \$3 million, (deeply discounted from list price); the future use of the property is unknown at this time.

### State Aid

State aid public for the 2014-2015 school year was \$9,827,865 which is an increase of \$27,440. The District maintains no more than 2% fund balance as required by P.L. 2004. The percentage of debt service aid was 44% of debt service revenues.

### Special Education

Federal and State mandated services and regulations continue to increase to an ever-growing population of special needs students. Providing the necessary and required services for our special education population has been recognized by the Board and Administration. The District increased the number of Pre-School Handicapped Inclusion classes to a total of 6 (2 at each building) during the 2007-2008 school year. In addition, the District is still experiencing an increase in special education students with severe needs and the need to provide the least restrictive environment for students. These two issues alone require additional resources which the cost of far exceeds the changes in aid.

### Federal Funding

The District's NCLB, IDEA Basic, and IDEA Pre-School funding remained relatively flat for the 2014-2015 school year.

## 3) MAJOR INITIATIVES

### Student Achievements:

#### SAT Scores

	2015 PITMAN H.S. MEAN	2014 PITMAN H.S. MEAN	NEW JERSEY MEAN	USA MEAN
SAT Reading Score	495	463	500	495
SAT Math Score	511	484	521	511
SAT Writing	490	459	499	484

Pitman SAT scores continue to remain one of the highest in the County. These scores are reflective of the strong community and parental support and our outstanding students and teachers.

### 3) MAJOR INITIATIVES (CONTINUED)

#### Graduating Student Statistics

PERCENTAGE OF GRADUATING STUDENTS:	2015	2014	2013	2012	2011	2010
Attending a four year college program	50%	36%	38%	42%	50%	43%
Attending a two year college program	36%	56%	51%	46%	46%	52%
Attending specialized training program	4%	3%	3.5%	9%	0%	0%
Entering the work force	6%	2.5%	4.5%	3%	3%	2%
Entering the military	4%	2.5%	3%	0%	1%	3%

#### Pitman High School Advanced Placement

In 2015, a total of 47 students took AP exams in 6 different subject areas.

- 5% of exams scored 5
- 30% of exams scored 4 or higher
- 60% of exams scored 3 or higher

In 2014, a total of 42 students took AP exams in 6 different subject areas.

- 14% of exams scored 5
- 14% of exams scored 4 or higher
- 20% of exams scored 3 or higher

#### State Testing (Spring 2014)

##### NJASK - 3

- 58% of all students passed the NJASK - 3 Language Arts Assessment
- 75% of all students passed the NJASK - 3 Mathematics Assessment

##### NJASK - 4

- 54% of all students passed the Language Arts Assessment
- 70% of all students passed the Mathematics Assessment
- 95% of all students passed the Science Assessment

##### NJASK - 5

- 54% of all students passed the Language Arts Assessment
- 84% of all students passed the Mathematics Assessment

##### NJASK - 6

- 74% of all students passed the Language Arts Assessment
- 81% of all students passed the Mathematics Assessment

##### NJASK - 7

- 60% of all students passed the Language Arts Assessment
- 68% of all students passed the Mathematics Assessment

##### NJASK - Grade 8

- 92% of all students passed the Language Arts Assessment
- 77% of all students passed the Mathematics Assessment
- 91% of all students passed the Science Assessment

### **3) MAJOR INITIATIVES (CONTINUED)**

#### *HSPA - Grade 11*

- 94% of all students passed the Language Arts Assessment
- 83% of all students passed the Mathematics Assessment

#### **State Testing (Spring 2013)**

##### *NJASK - 3*

- 60% of all students passed the NJASK - 3 Language Arts Assessment
- 74% of all students passed the NJASK - 3 Mathematics Assessment

##### *NJASK - 4*

- 58% of all students passed the Language Arts Assessment
- 85% of all students passed the Mathematics Assessment
- 94% of all students passed the Science Assessment

##### *NJASK - 5*

- 60% of all students passed the Language Arts Assessment
- 87% of all students passed the Mathematics Assessment

##### *NJASK - 6*

- 66% of all students passed the Language Arts Assessment
- 85% of all students passed the Mathematics Assessment

##### *NJASK - 7*

- 69% of all students passed the Language Arts Assessment
- 74% of all students passed the Mathematics Assessment

#### *NJASK - Grade 8*

- 93% of all students passed the Language Arts Assessment
- 78% of all students passed the Mathematics Assessment
- 88% of all students passed the Science Assessment

#### *HSPA - Grade 11*

- 94% of all students passed the Language Arts Assessment
- 78% of all students passed the Mathematics Assessment

#### **DISTRICT GOALS:**

##### **Strategic Planning Process**

The district undertook a strategic planning process during 2011-2012: the BOE adopted that plan in October 2012. District goals centered on six areas:

Instruction Program  
Guidance  
Fiscal Creativity

Technology  
Infrastructure  
Community Involvement

The plan covers a five year period (2012-2017).

### **3) MAJOR INITIATIVES (CONTINUED)**

#### **Grants**

*E-Rate* - The District continues to file applications under the Universal Service Fund (E- Rate), providing a 43% rebate on phone services and internet access. The District received discounts on phone services and internet access.

#### **Facilities**

The Administration continues to strive to maintain and upgrade the facilities in the District. The District continues to remain in compliance with code which requires 2/10ths of 1 percent of the cost of the facilities over a 10 year period to be budgeted towards required maintenance. All required paperwork has been filed with the State and the necessary budgetary procedures have been put into place.

### **4) INTERNAL ACCOUNTING CONTROLS**

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

As a recipient of Federal and State financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by District Management.

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

### **5) BUDGETARY CONTROLS**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget 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. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

### **6) ACCOUNTING SYSTEM AND REPORTS**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups which are converted from Governmental fund balances to net position. These funds and account groups 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 District continues to meet its responsibility for sound financial management.

## **8) DEBT ADMINISTRATION**

At June 30, 2015, the District's outstanding debt issues include \$7,654,000 of general obligation bond principal. This amount includes the amounts associated with refinancing of the Series 1998 school bonds; the Series 2006 and 2009 school bonds. In 2006 the debt for the Auditorium at the High School was completed. The total principal outstanding on the 2005 Bonds is \$1,940,000; \$4,169,000 on the 2006 Bonds and \$1,545,000 on the 2009 Bonds.

## **9) CASH MANAGEMENT**

The investment policy of the District is guided in large part by the state statute as detailed in "Notes to the Financial Statements," Note 1. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. The District depository is TD Bank, N.A., where all funds earn interest from the date of deposit at the U.S. Treasury Bill rate, at the 90 day T-bill rate.

## **10) RISK MANAGEMENT**

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

The District is a member of the Atlantic and Cape May Counties School Business Officials Joint Insurance Fund (ACCASBOJIF). This Fund was formed under the provisions of NJSA 18A:18B 1-10. The Fund commenced operations on July 1, 1991, with sixteen member districts. Since then, the Fund had grown to a total of twenty-six members.

The ACCASBOJIF provides members with a long-term alternative to the conventional insurance marketplace and is a means of stabilizing the otherwise cyclical nature of insurance expenditures.

The Fund provides the following coverage:

- Property, including buildings, contents, inland marine, crime, boiler and machinery, and auto physical damage
- General Liability, including school board legal liability (also known as educator's legal liability)
- Automobile Liability
- Worker's Compensation
- Pollution
- Excess Liability Insurance

The Joint Insurance Fund provides coverage to its members either directly or through the commercial insurance market, through one or more of the following vehicles: excess insurance, reinsurance or an excess property and casualty joint insurance fund. In 2001-2002 the three South Jersey JIF's formed a SPELL (School Pool for Excess Legal Liability). The SPELL is a vehicle by which the JIF's can control spiraling premium costs, increases in the SIR's (self-insured retention) and replace excess insurance coverage. At this time it appears as though

## **10) RISK MANAGEMENT CONTINUED)**

forming the SPELL was fortuitous due to the September 11, 2001, tragedy and the impact this subsequently has had on the insurance community.

The Joint Insurance Fund's mission statement is as follows: "The ACCASBOJIF is committed to uniting local school districts in a joint effort to better manage their risks and assure fiscal stability by providing cost-effective, comprehensive insurance coverage and minimizing losses through pro-active membership involvement in claims management and loss prevention activities excess reinsurance."

## **11) FUND BALANCE**

The fund balance for the General Governmental Fund as of June 30, 2015, for the District (See Exhibit B-1) is \$1,857,471. The District's fund balance is greater than the 2% as established by P.L. 2004. Therefore, \$531,058 will roll into fund balance for tax relief for the 2016-2017 budget.

## **12) OTHER INFORMATION**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC 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 New Jersey OMB Circulars 04-04 and/or 15-08. The auditor's report on the basic financial statements is included in the financial section of this report.

## **13) CAPITAL IMPROVEMENT PLAN**

The auditor's report in the basic financial statements, as well as the combining and individual fund statements and schedules, is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

No funds were dedicated for projects during the 2015-2016 school year from the Capital Reserve Account but \$363,228 was utilized from the maintenance reserve account.

## **14) ACKNOWLEDGEMENTS**

We would like to express our appreciation to the members of the Pitman Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation.

The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office employees. We also appreciate the guidance and advice of our treasurer.

Respectfully submitted,

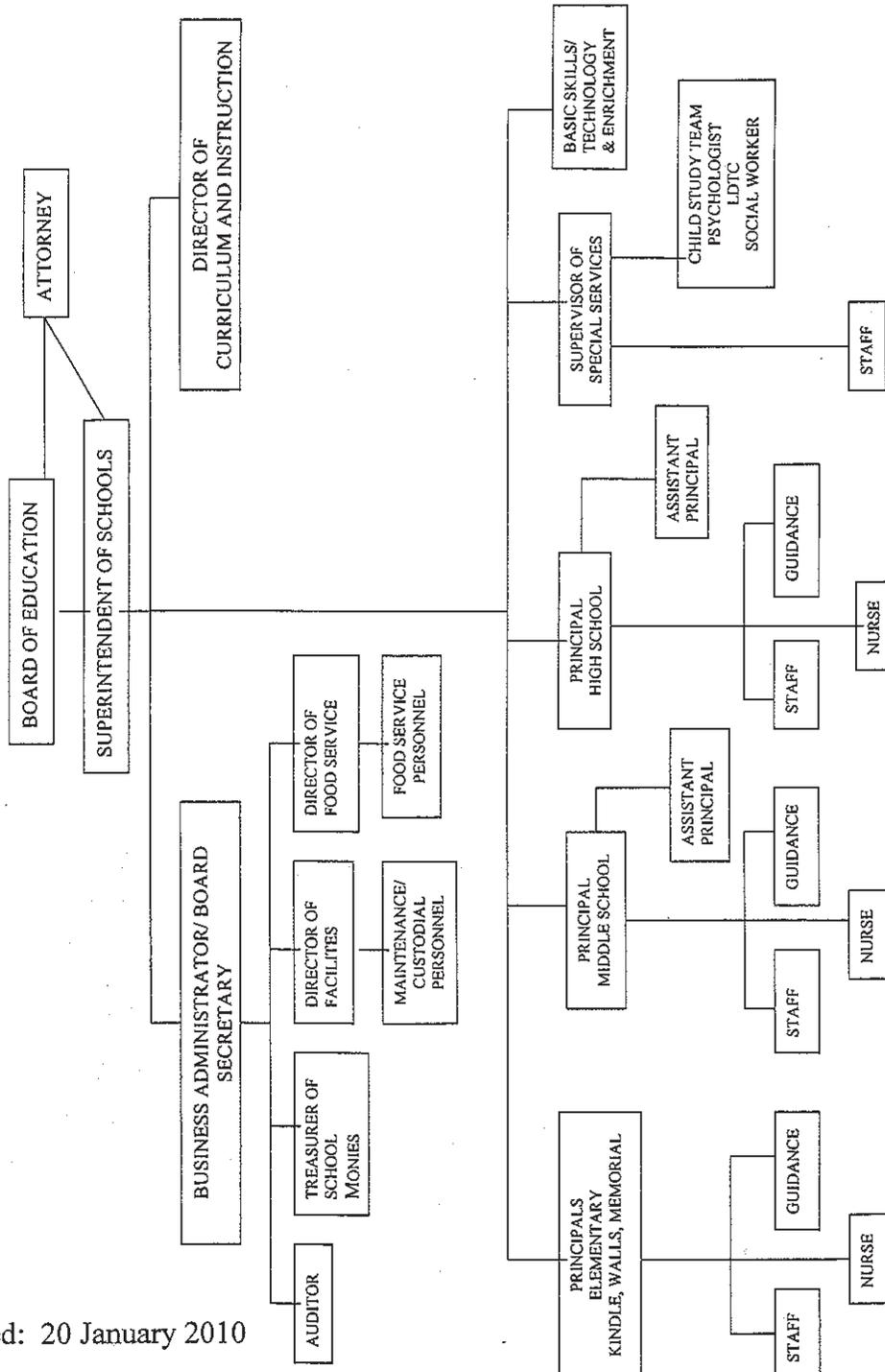
Patrick J. McAleer

Patrick J. McAleer, Ed. D  
Superintendent of Schools

Deborah J. Roncace

Deborah J. Roncace  
Business Administrator/  
Board Secretary

## 1110 ORGANIZATIONAL CHART



Adopted: 20 January 2010



**Pitman School District  
Pitman, New Jersey**

**ROSTER OF OFFICIALS  
June 30, 2015**

**Board of Education Members**

<u>Board Member</u>	<u>Office Held</u>	<u>Term Date</u>
Stacy DeClement	President	2016
Judy Walker	Vice President	2017
Len E. Clark	Board Member	2017
Joseph Conklin	Board Member	2016
Will Downham	Board Member	2016
Bonnie Savage	Board Member	2015
Dr. Laura Schultz	Board Member	2015

**OTHER OFFICIALS**

Patrick J. McAleer, Superintendent of Schools

Deborah J. Roncace, Business Administrator/Board Secretary

Leonard J. Wood, Solicitor

**Pitman School District  
Pitman, New Jersey**

**CONSULTANTS AND ADVISORS**

**Auditor**

Petroni & Associates LLC  
102 West High Street, Suite 100  
Glassboro, NJ 08028  
Contact: Nick Petroni  
Certified Public Accountant

**Solicitor**

Leonard J. Wood, Esq.  
Wade, Long, Wood & Kennedy, LLC  
1250 Chews Landing Road  
Laurel Springs, NJ 08021

**Depository**

Colonial Bank  
271 Lambs Road  
Sewell, NJ 08080

**Risk Management Consultant**

Len Eckman Inc.  
302 Montgomery Avenue  
Pitman, NJ 08071

## **FINANCIAL SECTION**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Borough of Pitman School District  
420 Hudson Avenue  
Pitman, New Jersey 08071

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Pitman School District, in the County of Gloucester, 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the district's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified 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 Pitman Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of state financial assistance as required by NJ OMB Circulars 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by OMB Circulars 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by OMB Circulars 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015, on our consideration of the Borough of Pitman School Board of Education's internal control over financial reporting and our test 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 the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Borough of Pitman School Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542

November 25, 2015

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
Unaudited

This section of Pitman Public School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Comparative financial data is presented. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Overview of the Financial Statements**

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

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

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

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
Unaudited

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

	<b>District-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/ Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liability included	All assets and liabilities both financial and capital and short-term and long-term	All assets and liabilities both short-term and long-term; PBOE's funds do not currently contain capital assets, although they can
Type of Inflow/ Outflow Information	All revenues and expenses during year regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-1 above summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
Unaudited

**District-wide Financial Statements**

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

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets and liabilities - are one way to measure the District's overall financial health or *position*.

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

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

- *Governmental Activities:* Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- *Business-type Activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program and child care programs would be included here.

**Fund Financial Statements**

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts or completing approved capital projects) or to show that it is properly using certain revenues (such as federal and state grants).

The District has four kinds of funds:

- **Governmental Funds** - Most of the District's basic services are included in Governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the Governmental Funds' statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the Governmental funds statements explains the relationship (or differences) between them.

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
Unaudited

**Fund Financial Statements (Continued)**

- **Proprietary Funds** - Services for which the District charges a fee are generally reported in Proprietary Funds. Proprietary funds are reported in the same way as the District-wide statements. *In fact, the District's Enterprise Funds* (one type of Proprietary Fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flow.
  
- **Internal Service Funds** - (*the other kind of Proprietary Fund*) are utilized to report activities that provide supplies and services for other District programs and activities and for other Districts.
  
- **Fiduciary Funds** - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found listed in the index of this report.

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
Unaudited

**Financial Analysis of the District as a Whole**

	<b>Net Position</b>					
	<u>FY 2015</u>		<u>FY 2014</u>		<u>Total</u>	
	<u>Governmental</u>	<u>Business- Type</u>	<u>Governmental</u>	<u>Business- Type</u>	<u>FY 2015</u>	<u>FY 2014</u>
<b>Assets</b>						
Current and other assets	\$ 2,076,425	\$ 307,774	\$ 1,958,389	\$ 305,088	\$ 2,384,199	\$ 2,263,477
Capital assets	10,301,634	35,906	10,750,629	21,089	10,337,540	10,771,718
Total assets	<u>12,378,059</u>	<u>343,680</u>	<u>12,709,018</u>	<u>326,177</u>	<u>12,721,739</u>	<u>13,035,195</u>
<b>Deferred Outflows of Resources</b>						
Deferred outflows related to pension		<u>510,159</u>			<u>510,159</u>	
<b>Liabilities</b>						
Noncurrent liabilities	8,442,339	13,715	9,229,687	12,886	8,456,054	9,242,573
Other liabilities	137,192	26,550	14,049	3,992	163,742	18,041
Net pension liability	<u>6,267,638</u>				<u>6,267,638</u>	
Total liabilities	<u>14,847,169</u>	<u>40,265</u>	<u>9,243,736</u>	<u>16,878</u>	<u>14,887,434</u>	<u>9,260,614</u>
<b>Deferred Inflows of Resources</b>						
Deferred inflows related to pension		<u>373,517</u>			<u>373,517</u>	
<b>Net Position</b>						
Invested in capital assets, net of related debt	2,455,097	35,906	2,137,578	21,089	2,491,003	2,158,667
Restricted	2,440,263		2,244,406		2,440,263	2,244,406
Unrestricted	<u>(7,227,828)</u>	<u>267,509</u>	<u>(916,702)</u>	<u>288,210</u>	<u>(6,960,319)</u>	<u>(628,492)</u>
Total net position	<u>\$ (2,332,468)</u>	<u>\$ 303,415</u>	<u>\$ 3,465,282</u>	<u>\$ 309,299</u>	<u>\$ (2,029,053)</u>	<u>\$ 3,774,581</u>

**Net position:** The District's combined total net position is a deficit of \$2,029,053 on June 30, 2015, (see Exhibit A-1). Approximately 13.1% of the total net position are from business-type activities, while the balance of the total net position of 86.9% is attributable to governmental activities.

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
Unaudited

**Financial Analysis of the District as a Whole (Continued)**

	Changes in Net Position					
	FY 2015		FY 2014		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2015	FY 2014
<b>REVENUES:</b>						
Program revenues						
Charges for services		\$ 498,198		\$ 504,533	\$ 498,198	\$ 504,533
Operating grants & contributions	\$ 607,981	154,456	\$ 604,209	158,875	762,437	763,084
General revenues						
Property taxes	13,157,865		12,996,514		13,157,865	12,996,514
Grants and entitlements	12,858,137		12,425,177		12,858,137	12,425,177
Other	258,949		294,998		258,949	294,998
Total revenue	<u>26,882,932</u>	<u>652,654</u>	<u>26,320,898</u>	<u>663,408</u>	<u>27,535,586</u>	<u>26,984,306</u>
<b>EXPENSES:</b>						
Instruction	11,389,684		11,003,368		11,389,684	11,003,368
Student & instructional related service	3,375,730		3,714,135		3,375,730	3,714,135
School administration	1,229,376		1,189,997		1,229,376	1,189,997
General administrative services	423,938		409,740		423,938	409,740
Central services	296,809		279,175		296,809	279,175
Plant operations & maintenance	1,986,009		1,829,674		1,986,009	1,829,674
Pupil transportation	498,680		529,031		498,680	529,031
Employee benefits	6,098,670		5,835,766		6,098,670	5,835,766
Interest on debt	336,273		371,780		336,273	371,780
Food service		465,608		465,673	465,608	465,673
Other business-type		282,930		273,670	282,930	273,670
Unallocated depreciation	570,309		559,310		570,309	559,310
Capital outlay	140,456		110,921		140,456	110,921
Total expenses	<u>26,345,934</u>	<u>748,538</u>	<u>25,832,897</u>	<u>739,343</u>	<u>27,094,472</u>	<u>26,572,240</u>
Transfers	<u>(90,000)</u>	<u>90,000</u>	<u>(70,000)</u>	<u>70,000</u>		
Increase (decrease) in net position	<u>\$ 446,998</u>	<u>\$ (5,884)</u>	<u>\$ 418,001</u>	<u>\$ (5,935)</u>	<u>\$ 441,114</u>	<u>\$ 412,066</u>

**Changes in Net Position:** The District's total revenues are \$27,535,586 for the fiscal period ended June 30, 2015, (see Exhibit A-2). Property taxes, fees charged for services (tuition, use of facility) and miscellaneous sources (interest, entrance fees) and State Formula Aid accounted for 97.3% of the District's revenue; 2.7% is derived from State and Federal Aid for specific programs.

The District's expenses are predominantly related to education and caring for students. The purely general, administrative and central administrative activities of the District accounted for approximately 7% of the total expenses. Salary increases due to contractual agreement for teachers and other educational staff is included in the instruction-related costs.

**Governmental Activities**

Revenues for governmental activities were \$26,882,932 (see Exhibit B-2), while total expenses amounted to \$26,772,945 and transfers of \$90,000. This resulted in an increase in fund balance in governmental activities of \$158,230 for fiscal year 2015.

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
Unaudited

**Business-Type Activities**

Revenues for the District's business-type activities amounted to \$652,654. Total expenses amounted to \$743,034 and net position decreased by \$5,884 (see Exhibit B-5).

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is primarily reflected in its Governmental Funds. As the District completed the year, its Governmental Funds reported a *Combined Fund* balance of \$1,990,285, (see Exhibit B-1) which consists of General Fund balance \$1,857,471, and Debt Service \$132,814. On a budgetary basis (see Exhibit C-1) the General Fund, unassigned fund balance is \$499,913. This represents approximately 2% of the total budget. District officials continue to express concern over the lack of budgetary fund balance for emergency purposes due to the implementation of P.L. 2004 which required districts to reduce their fund balance.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget. These budget amendments fall into the following categories:

- Appropriation of maintenance reserve for various repair projects.
- Transfers between budgetary line accounts to prevent overruns.

This fiscal year completed the ninth year of zero-based budgeting as implemented by the Board of Education and Administration. This process allowed us to more accurately account for our expenditures by school. Principals became more aware of their appropriation limitations and managed their individual school budgets effectively.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Pitman Borough School investment in capital assets for its Governmental and Business-type activities as of June 30, 2015, amounts to \$10,337,540 (net of accumulated depreciation). Total depreciation expense for Governmental and Business-type Activities is \$611,806. The District's fiscal year 2015 capital budget does not anticipate spending any additional funds. This investment in capital assets includes land, buildings, equipment and furniture see table below (more detailed information about capital assets can be found in Note 6 to the financial statements).

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
Unaudited

**Capital Assets (Continued)**

**Pitman Borough School District's Capital Assets**

	FY 2015		FY 2014		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2015	FY 2014
	Land	\$ 101,593		\$ 101,593		\$ 101,593
Construction in progress	144,244		40,904		144,244	40,904
Land improvements	67,261		75,339		67,261	75,339
Buildings and improvements	9,517,129		10,046,279		9,517,129	10,046,279
Machinery & equipment	471,407	\$ 35,906	486,514	\$ 21,089	507,313	507,603
	<u>\$ 10,301,634</u>	<u>\$ 35,906</u>	<u>\$ 10,750,629</u>	<u>\$ 21,089</u>	<u>\$ 10,337,540</u>	<u>\$ 10,771,718</u>

**Long-term Debt**

At June 30, 2015, the School District had \$8,290,044 in long-term debt. Serial bonds consist of \$7,654,000, capital leases of \$126,382, and compensated absences \$509,662. (More detailed information about long-term debt can be found in the Notes to the Financial Statements.)

The state limits the amount of general obligation debt the District can issue to 4 percent of the equalized valuation of all taxable property within the District. The current limit is \$25,324,584 of which \$17,670,584 is available for the issuance of debt (see exhibit J-13).

Outstanding Debt at June 30

	FY 2015	FY 2014	Percentage Change
Refunding Bonds of 2005	\$ 1,940,000	\$ 2,600,000	-25.38%
School Bonds of 2006	4,169,000	4,179,000	-0.24%
School Bonds of 2009	1,545,000	1,665,000	-7.21%
Compensated absences	509,662	504,351	1.05%
Capital leases	126,382	103,977	21.55%
Total	<u>\$ 8,290,044</u>	<u>\$ 9,052,328</u>	-8.42%

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Pitman Board of Education negotiated with the Pitman Education Association with a settlement for a 5 year contract including the 2014-2015 through 2018-2019 years. The Pitman Education Association represents all certified staff and support staff members.
- P.L. 2004 restricts increases to the budget in total administrative costs (including fixed charges). This has and will continue to present challenges to the budgeting process. Special Education costs are an issue during each budgeting cycle. The district has experienced the need for additional resources for in-house programs.

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
Unaudited

**Factors Bearing on the District's Future (Continued)**

- The District experienced enrollment decreases during the 2014-2015 school year. However, due to the implementation of a 3 and 4 year old parent paid tuition program, and our existing K-12 tuition program, the District has 30+ tuition students.
- On September 29, 2009, the Board passed a bond referendum for the funding of installation of solar panels on the Pitman High School roof. In future years the school district will generate Solar Renewable Energy Credits (SREC's) on the open market. This revenue source will be used to refund our budgeted energy costs. The SREC market has been depressed in recent years, reducing those revenues.
- The State Legislature enacted a 2% cap on property tax increases that was in effect with the development of school district budgets for the 2014-2015 school year.
- Legislation enacted in June 2011 sets employee contribution rates towards the cost of health benefits over a four year phase-in period. This phase in period is complete, with all employee contributions at the highest tier. While these contributions will help to offset annual increases in premiums, the average rate of increases has exceeded the expected contributions. Also, the annual increase in the pool of contributions has leveled off, as the phase in is complete.
- Since 2011-12, the District has joined with approximately 30 other Districts as part of a health insurance trust in an effort to better control annual premium increases.
- The 2011 closing of the former Sony DADC plant (largest taxpayer) has impacted the development of school budgets. This is due to recent tax settlements between the plant's owner and the municipality that lowered their tax burden from prior years. As such, the overall tax burden will be shared among homeowners with a much lower payment from the largest ratable in the community. It is also possible that tax abatements or similar incentives might have been necessary to attract a future tenant to purchase and develop the property.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Deborah J. Roncace, Business Administrator/Board Secretary, Pitman Board of Education, 420 Hudson Avenue, Pitman, NJ 08071.

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

	Governmental Activities	Business-type Activities	FY 2015
<b>ASSETS</b>			
Cash and cash equivalents	\$ 746,209	\$ 296,975	\$ 1,043,184
Interfund accounts receivable	113,489		113,489
Receivables, net	139,610	8,895	148,505
Inventory		1,904	1,904
Restricted assets:			
Restricted cash and cash equivalents	132,814		132,814
Capital reserve account - cash	191,701		191,701
Maintenance reserve - cash	666,462		666,462
Deferred bond issuance costs, net	36,281		36,281
Deferred amount on refunding, net	49,859		49,859
Capital assets:			
Non-depreciable	245,837		245,837
Assets net of depreciation	10,055,797	35,906	10,091,703
Total assets	<u>12,378,059</u>	<u>343,680</u>	<u>12,721,739</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	<u>510,159</u>		<u>510,159</u>
<b>LIABILITIES</b>			
Accounts payable		840	840
Interfund accounts payable		21,900	21,900
Unearned revenue		3,810	3,810
Noncurrent liabilities:			
Due within one year	1,082,580		1,082,580
Due beyond one year	7,359,759	13,715	7,373,474
Net pension liability	6,267,638		6,267,638
Other post-employment obligations	137,192		137,192
Total liabilities	<u>14,847,169</u>	<u>40,265</u>	<u>14,887,434</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	<u>373,517</u>		<u>373,517</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,455,097	35,906	2,491,003
Restricted for:			
Debt service	132,814		132,814
Capital projects	191,701		191,701
Other purposes	2,115,748		2,115,748
Unrestricted	(7,227,828)	267,509	(6,960,319)
Total net position	<u>\$ (2,332,468)</u>	<u>\$ 303,415</u>	<u>\$ (2,029,053)</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 7,304,641			\$ (7,304,641)		\$ (7,304,641)
Special education	3,252,223		\$ 533,331	(2,718,892)		(2,718,892)
Other special education	316,196			(316,196)		(316,196)
Other instruction	516,624			(516,624)		(516,624)
Support services:						
Tuition	805,871			(805,871)		(805,871)
Student & instructional related services	2,569,859		55,745	(2,514,114)		(2,514,114)
General administrative services	423,938			(423,938)		(423,938)
School administrative services	1,229,376			(1,229,376)		(1,229,376)
Central services	296,809			(296,809)		(296,809)
Plant operations & maintenance	1,986,009			(1,986,009)		(1,986,009)
Pupil transportation	498,680			(498,680)		(498,680)
Employee benefits	6,098,670		18,905	(6,079,765)		(6,079,765)
Interest on long-term debt	336,273			(336,273)		(336,273)
Capital outlay	140,456			(140,456)		(140,456)
Unallocated depreciation	570,309			(570,309)		(570,309)
Total governmental activities	26,345,934		607,981	(25,737,953)		(25,737,953)
Business-type activities:						
Food service	460,104	\$ 183,346	154,456		\$ (122,302)	(122,302)
Other activities	282,930	314,852			31,922	31,922
Total business-type activities	743,034	498,198	154,456		(90,380)	(90,380)
Total primary government	\$ 27,088,968	\$ 498,198	\$ 762,437	\$ (25,737,953)	\$ (90,380)	\$ (25,828,333)
General revenues:						
Property taxes, levied for general purpose				\$ 12,572,652		\$ 12,572,652
Taxes levied for debt service				585,213		585,213
Federal and state aid not restricted				12,858,137		12,858,137
Tuition				162,656		162,656
Investment earnings				16,627		16,627
Miscellaneous income				79,666		79,666
Transfers				(90,000)	\$ 90,000	
Inventory loss					(5,504)	(5,504)
Total general revenues, special items, extraordinary items, and transfers				26,184,951	84,496	26,269,447
Change in net position				446,998	(5,884)	441,114
Net position - beginning				3,465,282	309,299	3,774,581
Prior period adjustment of pension liability				(6,103,521)		(6,103,521)
Prior period adjustment of OPEB liability				(141,227)		(141,227)
Restated net position at the beginning of the year				(2,779,466)	309,299	(2,470,167)
Net position - end				\$ (2,332,468)	\$ 303,415	\$ (2,029,053)

See accompanying notes to the basic financial statements.

## **FUND FINANCIAL STATEMENTS**

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

	Major Fund <u>General Fund</u>	Special Revenue Fund	Capital Projects Fund	Major Fund <u>Debt Service Fund</u>	Totals FY 2015
<b>ASSETS</b>					
Cash and cash equivalents	\$ 746,209			\$ 132,814	\$ 879,023
Interfund accounts receivable	113,489				113,489
Receivables	139,610				139,610
Restricted cash and cash equivalents	858,163				858,163
Total assets	<u>\$ 1,857,471</u>			<u>\$ 132,814</u>	<u>\$ 1,990,285</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Fund balances:					
Restricted for:					
Capital reserve account	\$ 191,701				191,701
Maintenance reserve	666,462				666,462
Excess surplus - current year	531,058				531,058
Excess surplus - designated for subsequent year's expenditures	461,979				461,979
Debt service fund				\$ 50,750	50,750
Assigned fund balance:					
Other purposes	371,906				371,906
Designated for subsequent year's expenditures	84,343			82,064	166,407
Unassigned fund balance:					
General fund	(449,978)				(449,978)
Total fund balances	<u>1,857,471</u>			<u>132,814</u>	<u>1,990,285</u>
Total liabilities and fund balances	<u>\$ 1,857,471</u>			<u>\$ 132,814</u>	

See accompanying notes to the basic financial statements.

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

	<u>FY 2015</u>
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$21,752,092 and the accumulated depreciation is \$11,450,458 (see Note 7).	10,301,634
Deferred bond issuance costs are expensed in Governmental Funds in the year the bonds are issued but are capitalized in the Statement of Net Position. The bond issuance costs for Series 2005 are \$88,910, the amortization is \$6,884, and the accumulated amortization is \$69,407. The bond issuance costs for Series 2006 are \$32,586, the amortization is \$1,664 and the accumulated amortization is \$15,808.	36,281
Deferred refunding bond costs are expensed in Governmental Funds in the year the bonds are issued but are capitalized in the Statement of Net Position. The refunding amounts for Series 2005 are \$227,297, the amortization is \$17,597 and the accumulated amortization is \$177,438.	49,859
Premiums are recorded in Governmental Funds in the year the bonds are issued but are capitalized in the Statement of Net Position. The premium for the Series 2005 are \$204,896, and the amortization is \$15,862 and the accumulated amortization is \$159,951.	(44,945)
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(107,350)
Other Post-employment Benefits, are not due and payable in the current period and therefore are not reported as liability in the funds.	(137,192)
The cumulative effect of the change in accounting principles for adoption of GASB Statement No. 68 and 71 are reported as a prior period adjustment of pension liability (See Note 2).	(6,103,521)
Net pension liability adjustment.	(27,475)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8).	(8,290,044)
Net position of governmental activities	<u>\$ (2,332,468)</u>

See accompanying notes to the basic financial statements.

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

	Major Fund General Fund	Special Revenue Fund	Capital Projects Fund	Major Fund Debt Service Fund	Totals FY 2015
<b>REVENUES:</b>					
Local tax levy	\$ 12,572,652			\$ 585,213	\$ 13,157,865
Tuition	162,656				162,656
Interest earned on investments	16,127		\$ 334		16,461
Interest earned on capital reserve funds	166				166
Miscellaneous	79,666				79,666
	<u>12,831,267</u>		<u>334</u>	<u>585,213</u>	<u>13,416,814</u>
State sources	12,330,625			464,354	12,794,979
Federal sources	63,158	\$ 607,981			671,139
Total revenues	<u>25,225,050</u>	<u>607,981</u>	<u>334</u>	<u>1,049,567</u>	<u>26,882,932</u>
<b>EXPENDITURES:</b>					
Current:					
Regular instruction	7,453,380				7,453,380
Special education instruction	2,705,838	533,331			3,239,169
Other special instruction	323,935				323,935
Other instruction	514,143				514,143
Support services & undistributed costs:					
Tuition	805,871				805,871
Student & instruction related services	2,493,964	55,745			2,549,709
General administrative services	426,695				426,695
School administrative services	1,213,762				1,213,762
Central services	286,132				286,132
Plant operations and maintenance	1,976,080				1,976,080
Pupil transportation	498,680				498,680
Employee benefits	6,055,948	18,905			6,074,853
Debt service:					
Principal				790,000	790,000
Interest and other charges				335,192	335,192
Capital outlay	182,004		103,340		285,344
Total expenditures	<u>24,936,432</u>	<u>607,981</u>	<u>103,340</u>	<u>1,125,192</u>	<u>26,772,945</u>
Excess (deficiency) of revenues over expenditures	<u>288,618</u>		<u>(103,006)</u>	<u>(75,625)</u>	<u>109,987</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Capital leases (non-budgeted)	138,243				138,243
Other financing sources:					
Transfers in			(334)	334	
Transfers to food service fund	(90,000)				(90,000)
Total other financing sources and uses	<u>48,243</u>		<u>(334)</u>	<u>334</u>	<u>48,243</u>
Net change in fund balances	336,861		(103,340)	(75,291)	158,230
Fund balance - July 1	1,520,610		103,340	208,105	1,832,055
Fund balance - June 30	<u>\$ 1,857,471</u>			<u>\$ 132,814</u>	<u>\$ 1,990,285</u>

See accompanying notes to the basic financial statements.

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

Total net change in fund balances - Governmental Funds (from B-2)		\$ 158,230
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Capital outlay		\$ 158,761
Depreciation expense		<u>(607,756)</u>
		(448,995)
<p>Repayment of debt 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.</p>		
Bond principal payments		790,000
Capital lease obligation principal payments		115,838
Capital lease obligation proceeds		(138,243)
<p>Bond issuance costs are reported in the Governmental Funds as expenditures in the year the bonds are issued. However, in the statement of activities, the costs are amortized over the life of the bonds.</p>		
Premium on bonds		15,862
Deferred bond issuance costs		(8,548)
Deferred amount on refunding		(17,597)
<p>OPEB expenditures in the statement of activities differs from the amounts reported in the Governmental Funds because OPEB is recorded based on the contributions made, and thus requires the use of current financial resources. In the statement of activities, however, OPEB is recognized based on the annual required contribution.</p>		
		4,035
<p>Interest on long-term debt in the statement of activities differs from the amounts reported in the Governmental Funds because interest is recorded as an expenditure in the funds when it is due, and thus requires that use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net change in the accrued interest was an increase.</p>		
		9,202
<p>Pension contributions are reported in governmental funds as expenditures. However in the statement of activities, the contributions are adjusted for actuarial valuation adjustments.</p>		
		(27,475)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.</p>		
		<u>(5,311)</u>
Change in net position of governmental activities		<u>\$ 448,998</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Business-type Activities - Enterprise Funds - Major Funds			Totals FY 2015
	Food Service	Preschool Program	Before/After School	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 11	\$ 52,921	\$ 244,043	\$ 296,975
Accounts receivable	8,395	500		8,895
Inventories	1,904			1,904
Total current assets	<u>10,310</u>	<u>53,421</u>	<u>244,043</u>	<u>307,774</u>
Noncurrent assets:				
Furniture, machinery & equipment	196,861			196,861
Less: accumulated depreciation	(160,955)			(160,955)
Total noncurrent assets	<u>35,906</u>			<u>35,906</u>
Total assets	<u>46,216</u>	<u>53,421</u>	<u>244,043</u>	<u>343,680</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable			840	840
Interfund accounts payable	21,900			21,900
Unearned revenue	325	900	2,585	3,810
Compensated absences	13,715			13,715
Total current liabilities	<u>35,940</u>	<u>900</u>	<u>3,425</u>	<u>40,265</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	35,906			35,906
Unrestricted	(25,630)	52,521	240,618	267,509
Total net position	<u>\$ 10,276</u>	<u>\$ 52,521</u>	<u>\$ 240,618</u>	<u>\$ 303,415</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended June 30, 2015

	Business-type Activities			Totals FY 2015
	Enterprise Funds - Major Funds			
	Food Service	Preschool Program	Before/After School	
<b>OPERATING REVENUES:</b>				
Local sources:				
Daily sales - reimbursable programs	\$ 98,286			\$ 98,286
Daily sales - special milk	1,972			1,972
Daily sales - non-reimbursable programs	82,042			82,042
Special function/miscellaneous	1,046			1,046
Tuition		\$ 86,469	\$ 228,383	314,852
Total operating revenue	183,346	86,469	228,383	498,198
<b>OPERATING EXPENSES:</b>				
Salaries	231,154	94,470	165,847	491,471
Employee benefits	17,708		12,386	30,094
Other purchased services (400-500 series)	8,197		918	9,115
Supplies and materials	13,909		8,355	22,264
Cost of sales	184,901			184,901
Miscellaneous other expenses	185		954	1,139
Depreciation	4,050			4,050
Total operating expenses	460,104	94,470	188,460	743,034
Operating income (loss)	(276,758)	(8,001)	39,923	(244,836)
<b>NON-OPERATING REVENUES:</b>				
State sources:				
National school lunch program - state	3,406			3,406
Federal sources:				
National school lunch program	114,204			114,204
School breakfast program	15,125			15,125
Special milk program	1,688			1,688
Food distribution program	20,033			20,033
Total non-operating revenues (expenses)	154,456			154,456
Transfer from general fund - Board contribution	90,000			90,000
Loss from inventory - food	(1,085)			(1,085)
Loss from inventory - commodities	(4,419)			(4,419)
Net income (loss)	(37,806)	(8,001)	39,923	(5,884)
Total net position - beginning	48,082	60,522	200,695	309,299
Total net position - ending	\$ 10,276	\$ 52,521	\$ 240,618	\$ 303,415

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015

	Business-type Activities			Totals FY 2015
	Enterprise Funds - Major Funds			
	Food Service	Preschool Program	Before/After School	
Cash flows from operating activities:				
Receipts from customers	\$ 183,346	\$ 87,819	\$ 230,738	\$ 501,903
Payments to suppliers	(192,104)		(9,387)	(201,491)
Payments to employees	(230,384)	(94,470)	(165,847)	(490,701)
Payments for employee benefits	(17,650)		(12,386)	(30,036)
Net cash provided (used) by operating activities	(256,792)	(6,651)	43,118	(220,325)
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	136,472			136,472
Net cash provided by non-capital financing activities	136,472			136,472
Cash flows from investing activities:				
Capital expenditures	(18,867)			(18,867)
Interfund accounts payable	21,900			21,900
Payments from general fund	90,000			90,000
Net cash provided by investing activities	93,033			93,033
Net increase in cash and cash equivalents	(27,287)	(6,651)	43,118	9,180
Cash and cash equivalents - July 1	27,298	59,572	200,925	287,795
Cash and cash equivalents - June 30	\$ 11	\$ 52,921	\$ 244,043	\$ 296,975
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (276,758)	\$ (8,001)	\$ 39,923	\$ (244,836)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	4,050			4,050
Food distribution program	20,033			20,033
Change in assets and liabilities:				
(Increase) decrease in accts. receivable		1,400	30	1,430
(Increase) decrease in inventory	(2,488)			(2,488)
Increase in accounts payable			840	840
Increase in compensated absences	828			828
Increase (decrease) in deferred revenue	(2,457)	(50)	2,325	(182)
	\$ (256,792)	\$ (6,651)	\$ 43,118	\$ (220,325)

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2015

	Unemployment Compensation Trust Fund	Agency Funds	<u>Totals</u> <u>FY 2015</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 314,759	\$ 379,076	\$ 693,835
Total assets	<u>314,759</u>	<u>379,076</u>	<u>693,835</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payroll deductions and withholdings		140,831	140,831
Due to student groups		146,656	146,656
Interfund payables:			
General fund		91,589	91,589
Total current liabilities		<u>\$ 379,076</u>	<u>379,076</u>
<b>NET POSITION</b>			
Held in trust for unemployment	<u>\$ 314,759</u>		<u>\$ 314,759</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Year Ended June 30, 2015

	<u>Unemployment Compensation Trust Fund</u>
<b>ADDITIONS:</b>	
Contributions:	
Plan members	\$ 26,499
Total contributions	<u>26,499</u>
Investment earnings:	
Interest	<u>1,199</u>
Total additions	<u>1,199</u>
<b>DEDUCTIONS:</b>	
Unemployment claims	<u>20,368</u>
Change in net position	7,330
Net position - beginning of year	<u>307,429</u>
Net position - end of year	<u><u>\$ 314,759</u></u>

See accompanying notes to the basic financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Introduction**

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

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

**A. Reporting Entity**

The Borough of Pitman School District is a Type II District located in the County of Gloucester, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. The purpose of the District is to educate students in grades K-12.

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

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

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

**B. Government-wide Statements**

The School District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects, and debt service are classified as governmental activities. The District's food service, before and after school and preschool programs are classified as Business-type Activities.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide Statements (Continued)**

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

The Government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and Business-type Activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating, and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student, and instruction related services, etc.) or Business-type Activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or Business-type Activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does allocate indirect costs such as depreciation expense, on-behalf TPAF Pension contributions, and TPAF Social Security Contributions.

The Government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The government-wide statements do not include fiduciary activities.

**C. Fund Financial Statements**

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

The District reports the following Governmental funds:

**GOVERNMENTAL FUNDS**

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

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

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

**PROPRIETARY FUNDS**

The focus of the Proprietary Funds' measurement is upon the determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following are descriptions of the Proprietary Funds of the District:

**Enterprise Funds** - The Enterprise Funds account for all revenues and expenses pertaining to the Board's operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund, Before and After School Fund, and the Preschool Program Fund.

**Internal Service Fund** - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**FIDUCIARY FUNDS**

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments and therefore not available to support District programs. The reporting focus is on net position. Changes in net position and are reported using accounting principles similar to Proprietary Funds.

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type Activities categories. Non-major Funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the Governmental and Enterprise combined) for the determination of major funds. The Non-major Funds are combined in a column in the fund financial statements.

The District's Fiduciary Funds are presented in the Fiduciary Fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Government, these funds are not incorporated into the government-wide statements.

The Fiduciary Funds include Student Activity Fund, Payroll, and Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**D. Basis of Accounting**

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

Both Governmental and Business-type Activities in the government-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

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

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Cash and Cash Equivalents**

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

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of 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.

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental units. The statute requires that no Governmental Unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**F. Inventories**

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method. Inventory in the Food Service Fund at June 30, 2015, consisted of the following:

Food - commodities	\$	325
Food		<u>1,579</u>
	<u>\$</u>	<u>1,904</u>

The value of Federal donated commodities are reflected in Schedule A (required by Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Capital Assets**

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site improvements	15-20
Building & improvements	20-50
Machinery & equipment	5-20

GASB No. 34 requires the District to report and depreciated new infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical costs nor related depreciation has historically been reporting the financial statements. The District has included infrastructure assets in the current fiscal year.

**H. Revenues**

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its School District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive money under the established payment schedule and the unpaid amount is considered to be an “accounts receivable.” Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**I. Expenditures**

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

**J. Compensated Absences**

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

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Compensated Absences (Continued)**

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

In Proprietary and similar Trust Funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**K. Interfund Receivables/Payables**

Transfers between Governmental and Business-type Activities on the District-wide Financial Statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Position, except for amounts due between Governmental and Business-type Activities or Governmental and Agency Funds, which are presented as internal balances.

**L. Accrued Salaries and Wages**

None of the School District's employees who provide services to the District over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year.

**M. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the fall of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the county office for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances, require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Budgets/Budgetary Control (Continued)**

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

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

**N. Encumbrances**

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

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

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

**O. Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**P. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide Financial Statements. In general, Governmental Fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Q. Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Allocation of Indirect Expenses (Continued)**

dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of Management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**S. Use of Estimates**

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

**T. Net Position**

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

**U. Fund Balance Reserves**

**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:

**Non-spendable** - The non-spendable 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 amount.

**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.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**U. Fund Balance Reserves (Continued)**

**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.

**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 funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

**V. Recent Accounting Pronouncements Not Yet Effective**

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued 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." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**V. Recent Accounting Pronouncements Not Yet Effective (Continued)**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, the impact of this statement on the net position of the entity is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

**NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE**

During the year beginning July 1, 2015, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions," whose primary objective is to improve accounting and financial reporting for pensions. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures for pension. The effect of this change was to decrease fiscal year ended June 30, 2015, Net Position \$6,354,025, which is the prior period adjustment of net pension liability and offset by deferred outflows – District's contributions made during fiscal year 2014 of \$250,504. The District also had a one-time restatement of net position due to the recording of the OPEB liability of \$141,227. Financial statements for the fiscal year ended June 30, 2014, have not been restated, and the cumulative effect of the changes totaling \$6,244,748, is shown as a one-time debit to net position in the fiscal year ended June 30, 2015, Statement of Activities.

**NOTE 3: CASH AND CASH EQUIVALENTS**

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2015 and 2014, was \$2,727,996 and \$2,475,040. As of June 30, 2015 and 2014, \$0 of the District's bank balance of \$3,694,646 and \$3,120,716, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of June 30, 2015 and 2014, the District did not have any investments.

**Interest Rate Risk** - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4: INVESTMENTS (CONTINUED)**

**Credit Risk** - NJSA 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of Federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local Government investment pools or repurchase of fully collateralized securities.

**Concentration of Credit Risk** - The District places no limit on the amount the District may invest in any one issuer.

**NOTE 5: RECEIVABLES**

Receivables at June 30, 2015, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	\$ 92,045	\$ 299
Other	18,168	500
Federal aid	29,397	8,096
	<u>\$ 139,610</u>	<u>\$ 8,895</u>

**NOTE 6: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Board of Education by inclusion of \$100,000 on October 10, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2.

Pursuant to NJAC 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 June 30, 2015, LRFP balance does not exceed the capital reserve balance.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6: CAPITAL RESERVE ACCOUNT (CONTINUED)**

Beginning balance, July 1, 2014	\$ 91,534
Transfer - June 2015	100,000
Interest earnings	168
Ending balance, June 30, 2015	<u>\$ 191,702</u>

**NOTE 7: CAPITAL ASSETS**

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2015.

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2015</u>
Governmental activities:				
Capital assets not being depreciated				
Construction in progress	\$ 40,904	\$ 103,340		\$ 144,244
Sites (land)	101,593			101,593
Total capital assets not being depreciated	<u>142,497</u>	<u>103,340</u>		<u>245,837</u>
Land improvements	925,211			925,211
Building & building improvements	19,027,037			19,027,037
Machinery & equipment	1,498,586	55,421		1,554,007
Totals at historical cost	<u>21,450,834</u>	<u>55,421</u>		<u>21,506,255</u>
Less: accumulated depreciation				
Land improvements	(849,872)	(8,078)		(857,950)
Building & building improvements	(8,980,758)	(529,150)		(9,509,908)
Machinery & equipment	(1,012,072)	(70,528)		(1,082,600)
Total accumulated depreciation	<u>(10,842,702)</u>	<u>(607,756)</u>		<u>(11,450,458)</u>
Governmental activities capital assets, net	<u>\$ 10,750,629</u>	<u>\$ (448,995)</u>		<u>\$ 10,301,634</u>
Business-type activities:				
Machinery & equipment	\$ 177,993	\$ 18,867		\$ 196,860
Less: accumulated depreciation	(156,904)	(4,050)		(160,954)
Business-type capital assets, net	<u>\$ 21,089</u>	<u>\$ 14,817</u>		<u>\$ 35,906</u>

Depreciation was charged to the following Governmental programs:

Instruction - regular	\$ 3,091
Instruction - other	2,481
Support administration	21,915
Operation and maintenance	9,960
Unallocated	570,309
Total	<u>\$ 607,756</u>

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: GENERAL LONG-TERM DEBT**

Bonds 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 Board are general obligation bonds.

**Advance Refunding**

On June 1, 2005, the District issued \$6,185,000 Refunding Bonds payable in annual installments through April 1, 2018. Interest is paid semi-annually at varying rates ranging from 3% to 5% per annum. The bond issue Series of 1998 was advance refunding in the amount of \$6,055,000 of the outstanding balance, which had a 4.8% interest rate. The Refunding Bonds maturing on and after April 1, 2018, are subject to redemption prior to their stated maturity dates upon notice, at the option of the School District, at a redemption price equal to 100% of the principal amount of the Refunding Bonds to be redeemed, plus accrued interest to the redemption date. The balance remaining as of June 30, 2015, was \$1,940,000.

**Other Permanently Funded Debt**

\$4,229,000 School Bonds dated January 15, 2006, payable in annual installments through August 1, 2025. Interest is paid semi-annually at an interest rate from 3.65% to 4.05%. The remaining balance at June 30, 2015, was \$4,169,000.

\$2,095,000 School Bonds dated December 16, 2009, payable in annual installments through March 1, 2025. Interest is paid semi-annually at an interest rate from 2% to 4%. The remaining balance at June 30, 2015, was \$1,545,000.

**Long-Term Obligation Activity**

Changes in long-term obligations for the fiscal year ended June 30, 2015, are as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
Compensated absences	\$ 504,351	\$ 106,217	\$ 100,906	\$ 509,662	\$ 64,056
Capital leases	103,977	138,243	115,838	126,382	80,310
Serial bonds payable	8,444,000		790,000	7,654,000	815,000
	<u>\$ 9,052,328</u>	<u>\$ 244,460</u>	<u>\$ 1,006,744</u>	<u>\$ 8,290,044</u>	<u>\$ 959,366</u>

The District has several leases for computers. Lease terms are three years. Interest rates vary from 2.37% to 2.47%, see Exhibit I-2. The following is a schedule of the future minimum lease payments under their capital leases:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 80,310	\$ 3,030	\$ 83,340
2017	46,072	1,092	47,164
	<u>\$ 126,382</u>	<u>\$ 4,122</u>	<u>\$ 130,504</u>

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)**

**Bonds Payable**

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

Year Ended June 30,	Principal	Interest	Total
2016	\$ 815,000	\$ 299,062	\$ 1,114,062
2017	830,000	267,543	1,097,543
2018	830,000	235,436	1,065,436
2019	580,000	196,350	776,350
2020	605,000	174,199	779,199
2020-2024	3,415,000	489,495	3,904,495
2025	579,000	180,727	759,727
	<u>\$ 7,654,000</u>	<u>\$ 1,842,812</u>	<u>\$ 9,496,812</u>

**Bonds Authorized but Not Issued**

As of June 30, 2015, the Board has \$0 of bonds authorized but not issued.

**Deferred Bond Issuance Costs and Premiums on Bonds**

In Governmental Funds, debt issuance costs are recognized in the current period. For the District-wide Financial Statements, Governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds. The costs associated with the Series 2005 and 2006 are detailed below.

The unamortized deferred amount on refunding, resulting from the 2005 refunding of the outstanding series of 1998 school bonds, is being amortized straight-line over the remaining life of the specific bonds (13 years) and is reflected in the District-wide Financial Statement as reduction of the related debt.

The unamortized debt premium resulting from the 2005 refunding of the outstanding series of 1998 school bonds is being amortized straight-line over the remaining life of the specific bonds (13 years) and is reflected in the District-wide Financial Statement as an addition of the related debt.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)**

**DEFERRED BOND ISSUANCE COSTS**

	Useful Lives	Costs	Amortization		
			Balance 7/1/2014	Current Year	Balance 6/30/2015
Series 2005	13	\$ 88,910	\$ 62,522	\$ 6,884	\$ 69,406
Series 2006	19.6	32,586	14,145	1,664	15,809
			<u>\$ 76,667</u>	<u>\$ 8,548</u>	<u>\$ 85,215</u>

**DEFERRED AMOUNT ON REFUNDING**

Series 2005	13	\$ 227,297	\$ 159,841	\$ 17,597	\$ 177,438
-------------	----	------------	------------	-----------	------------

**DEBT PREMIUM**

Series 2005	13	204,896	144,089	15,862	159,951
-------------	----	---------	---------	--------	---------

**Other**

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The Federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the Federal Government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in Governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the Federal Government. Thus, rebatable arbitrage liabilities related to Governmental debt will be accrued as incurred at least annually (at fiscal year-end) on the District-wide Financial Statements.

For the year ended June 30, 2015, it is not necessary for the Board to establish a liability for arbitrage rebate.

Compensated absences are recorded as long-term liabilities due in more than one year.

**NOTE 9: PENSION FUNDS**

**Description of Plans** - All eligible employees of the District are covered by the Public Employees' Retirement System (PERS), or Teachers' Pension and Annuity Fund (TPAF) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. The

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9: PENSION FUNDS (CONTINUED)**

**Description of Plans (Continued)** - reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

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

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

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.92% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The District's contributions to PERS for the years ending June 30, 2015, 2014, and 2013, were \$275,972, \$250,504, and \$262,681, respectively, equal to the required contributions for each year. The School District's employer share of TPAF for the years ending June 30, 2015, 2014, and 2013, were \$1,613,480, \$1,219,269, and \$1,568,156, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2015, 2014, and 2013, were \$15,702,316, \$15,529,938, and \$15,392,328; covered payroll for TPAF was \$11,366,670, \$11,271,219, and \$14,166,695; PERS was \$2,169,341, \$2,397,778, and \$2,313,411.

Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board for the years ending June 30, 2015, 2014, and 2013, \$849,020, \$839,330, and \$852,085, for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9: PENSION FUNDS (CONTINUED)**

For the year ended June 30, 2015, the District recognized pension expense of \$303,447. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 197,088	
Net difference between projected and actual earnings on pension plan investments		\$ 373,517
Changes in proportion and differences between District contributions and proportionate share of contributions	37,099	
District contributions subsequent to the measurement date	275,972	
	\$ 510,159	\$ 373,517

\$275,972, reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2016	\$ (50,330)
2017	(50,330)
2018	(50,330)
2019	(50,330)
2020	43,049
Thereafter	18,945
	\$ (139,326)

Additional information – Collective balances at June 30, 2013 and 2014, are as follows:

	June 30, 2013	June 30, 2014
Collective deferred outflows of resources		\$ 952,194,675
Collective deferred inflows of resources		1,479,224,662
Collective net pension liability	\$ 19,111,986,911	18,722,735,003
District's proportion	0.0332462894%	0.0334760830%

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9: PENSION FUNDS (CONTINUED)**

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The District's contributions to DCRP for the years ending June 30, 2015, 2014, and 2013, were \$12,645, \$9,922, and \$6,313 for covered employees.

**NOTE 10: POST-RETIREMENT BENEFITS**

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014. page 60

**NOTE 11: DEFERRED COMPENSATION**

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, 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:

Lincoln Investment Planning, Inc.	Metlife
MetLife Universal-Travelers	Voya Financial

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 12: COMPENSATED ABSENCES**

The District accounts for compensated absences using the termination method (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 that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. The District's policy permits Association employees to accumulate sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave if the employee has a minimum of 100 days in accordance with District's agreements with the various employee unions. The District uses the vesting method to record the liability.

For the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the Governmental Fund at June 30, 2015, is \$509,662. The liability for compensated absences in the Food Service Fund at June 30, 2015, is \$13,715.

**NOTE 13: LABOR CONTRACTS**

As of June 30, 2015, the District's teachers, school nurses, LDT-C, social workers, guidance counselors and psychologists are organized in the Pitman Education Association collective bargaining unit which will expire June 30, 2019, and the Pitman Administrator's Association collective bargaining unit expired on June 30, 2015.

**NOTE 14: EMPLOYEE BENEFITS**

The District established and maintains a cafeteria plan for health benefits required by NJSA 18A:16-19.1 as amended by P.L. 2011, c.78, s.51. The District entered into a pre-tax benefits plan with AFLAC. The medical care reimbursement plan maximum amount for staff was \$2,500 for medical and \$5,000 for dependent care.

**NOTE 15: RISK MANAGEMENT**

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

**Property and Liability Insurance:**

The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2015, the District did not incur claims in excess of their coverage.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 15: RISK MANAGEMENT (CONTINUED)**

**Property and Liability Insurance (Continued):**

The District is a member of the New Jersey School Boards Association Insurance Group - ERIC - South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Worker's Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

**New Jersey Unemployment Compensation Insurance:**

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

Fiscal Year	Interest Contributions	Employer Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2014-2015	\$ 1,199		\$ 26,499	\$ 20,368	\$ 314,759
2013-2014	878	100,000	28,235	33,369	307,429
2012-2013	1,627	101,870	22,208	25,290	211,685

**NOTE 16: OPERATING LEASES**

The District has commitments to lease copy machines under non-cancelable operating leases spanning 48 months. Monthly payments range from \$67-\$656 a month per machine. The District also has a commitment for a postage machine under non-cancelable operating leases spanning 60 months at a monthly payment of \$290. Total lease payments made during the year ended June 30, 2015, amounted to \$55,321. Future minimum lease payments are as follows:

Year Ended June 30,	Amount
2016	\$ 52,376
2017	34,755
2018	1,034
2019	1,034
	<u>\$ 89,199</u>

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 17: FUND BALANCE APPROPRIATED**

Restrictions of fund balances of Governmental Funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

**Non-Spendable Fund Balance** - The District had no non-spendable fund balance at June 30, 2015.

**Restricted Fund Balance:**

**Capital Reserve Account** - Of the \$191,701 balance in the capital reserve account at June 30, 2015, \$0 has been designated for utilization in the 2015-2016 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

**Maintenance Reserve Account** - Of the \$666,462 balance in the maintenance reserve account at June 30, 2015, \$0 has been designated for utilization in the 2015-2016 budget. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (NJSA 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

**Excess Surplus** - At June 30, 2015, excess surplus created in FY 2014 of \$461,979 will be utilized for expenditures in the 2015-2016 budget, while excess surplus created in FY 2015 of \$531,058 is restricted and will be utilized for budget expenditures in 2016-2017.

**Debt Service Fund** - At June 30, 2015, there was \$132,814 fund balance, of which, \$82,064 will be utilized for expenditures in the 2015-2016 budget.

**Committed Fund Balance** - The District had no fund balance at June 30, 2015.

**Assigned Fund Balance** - At June 30, 2015, the District has assigned \$456,249 of general fund balance; \$84,343 has been designated for utilization in the 2015-2016 budget. \$371,906 was assigned for other purposes as of the year end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 17: FUND BALANCE APPROPRIATED (CONTINUED)**

**Unassigned Fund Balance** - At June 30, 2015, the District has (\$449,978) of unassigned fund balance in the general fund.

**NOTE 18: CALCULATION OF EXCESS SURPLUS**

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund, fund balance, at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015, is \$993,037.

**NOTE 19: DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$502,921 (Exhibit B-1) in the General Fund as of June 30, 2015, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event the June state school aid payments are not made until the following school budget year, districts must record the last June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires 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 last state aid payments 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 Fund balance deficit does not alone indicate that the District is facing financial difficulties.

**NOTE 20: ECONOMIC DEPENDENCY**

The District is heavily reliant on state aid and local tax levy to fund the District operations. State sources funded approximately 48% and taxes fund 49% of the District's 2014-2015 governmental operations excluding capital projects.

**NOTE 21: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remain on the balance sheet at June 30, 2015:

	Interfund	
	Receivable	Payable
General fund	\$ 113,489	
Food service fund		\$ 21,900
Payroll and agency		91,589
	\$ 113,489	\$ 113,489

The interfund is a result of advance funding of the Section 125 Plan, July 1 payroll and transfer of funds for cash flow purposes at June 2015.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 22: POST-EMPLOYMENT HEALTHCARE PLAN**

**Plan Description:** Borough of Pitman School District, New Jersey Postemployment Healthcare Benefit Plan is a single-employer defined benefit healthcare plan administered by AmeriHealth. AmeriHealth provides fully-insured medical, dental, and prescription drug coverage to eligible retirees and their spouses.

**Funding Policy:** The individual contribution requirements of the School District healthcare plan, are established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015 the School District contributed \$43,185 to the plan for current premiums.

**Annual OPEB Cost and Net OPEB Obligation:** The School District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed ten years. The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School District's net OPEB obligation to Brown and Brown Consulting (dollar amounts in thousands): The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 was as follows:

Annual required contribution	\$ 55,032
Interest on net OPEB obligation	4,237
Adjustment to annual required contribution	<u>(20,119)</u>
Annual OPEB cost	39,150
Contribution made	<u>43,185</u>
Decrease in net OPEB obligation	(4,035)
Net OPEB obligation - beginning of year	<u>141,227</u>
Net OPEB obligation - end of year	<u><u>\$ 137,192</u></u>

The District's most recent actuarial valuation to determine ARC was performed for the year ended June 30, 2015.

**Funded Status and Funding Progress:** As of June 30, 2015, the School District is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

The Actuarial Accrued Liability ("AAL") is the present value of all future expected post-retirement medical payments and administrative costs which are attributable to past service. The School District's unfunded AAL is calculated to be \$386,308 for the unfunded portion.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 22: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Actuarial Methods and Assumptions:** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015, actuarial valuation, the projected unit credit method was utilized with amortization on a straight line basis, for a period of 8years.

**NOTE 23: CONTINGENT LIABILITIES**

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

It is the opinion of the administration and legal counsels, that there exists no litigation or contingent liability that may be pending against the Borough of Pitman School District that would have a material or adverse effect on the Board or the financial position of the District

**NOTE 24: SUBSEQUENT EVENT**

On September 16, 2015, the Board approved a three year lease for computers. The capital lease is for \$143,482.32 at a rate of 2.52%. The lease/purchase agreement is with Middlesex Regional Educational Services and payable to First Hope Bank. The following is a schedule of the future minimum lease payments under their capital leases:

Year Ended			
June 30,	Principal	Interest	Total
2016	\$ 49,023		\$ 49,023
2017	46,642	\$ 2,381	49,023
2018	47,817	1,205	49,022
	<u>\$ 143,482</u>	<u>\$ 3,586</u>	<u>\$ 147,068</u>

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2015 and November 25, 2015, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no additional items have come to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 12,572,652		\$ 12,572,652	\$ 12,572,652	
Tuition from individuals	95,000		95,000	115,657	\$ 20,657
Tuition from other LEA's within the state				46,999	46,999
Interest on investments	25,000		25,000	16,125	(8,875)
Interest on capital reserve funds	1,350		1,350	168	(1,182)
Miscellaneous	113,000		113,000	79,666	(33,334)
<b>Total - local sources</b>	<b>12,807,002</b>		<b>12,807,002</b>	<b>12,831,267</b>	<b>24,265</b>
State sources:					
Transportation aid	149,546		149,546	149,546	
Extraordinary aid				53,199	53,199
Special education aid	792,393		792,393	792,393	
Equalization aid	7,077,074		7,077,074	7,077,074	
Security aid	135,567		135,567	135,567	
Adjustment aid	1,645,845		1,645,845	1,645,845	
PARCC readiness aid	13,720		13,720	13,720	
Per pupil growth aid	13,720		13,720	13,720	
Teachers' pension and annuity fund (on-behalf non-budgeted)				623,567	623,567
TPAF post-retirement medical (on-behalf non-budgeted)				989,913	989,913
Reimbursed TPAF social security contributions (non-budgeted)				849,020	849,020
<b>Total - State sources</b>	<b>9,827,865</b>		<b>9,827,865</b>	<b>12,343,564</b>	<b>2,515,699</b>
Federal sources:					
ARRA - Medical assistance program				11,322	11,322
Medical assistance program	23,001		23,001	51,836	28,835
<b>Total - federal sources</b>	<b>23,001</b>		<b>23,001</b>	<b>63,158</b>	<b>40,157</b>
<b>Total revenues</b>	<b>\$ 22,657,868</b>		<b>\$ 22,657,868</b>	<b>\$ 25,237,989</b>	<b>\$ 2,580,121</b>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	\$ 112,010	\$ (45,052)	\$ 66,958	\$ 66,666	\$ 292
Kindergarten	184,812	12,605	197,417	184,227	13,190
Grades 1-5	2,562,308	(680)	2,561,628	2,548,427	13,201
Grades 6-8	1,555,103	50,350	1,605,453	1,594,216	11,237
Grades 9-12	2,310,555	(42,000)	2,268,555	2,256,636	11,919
Regular programs - home instruction:					
Salaries of teachers	5,000	(1,101)	3,899	3,887	12
Purchased professional - educational services	12,000	19,568	31,568	29,908	1,660
Regular programs - undistributed instruction:					
Purchased technical services	223,979	(41,143)	182,836	167,903	14,933
Other purchased services (400-500 series)	191,728	(5,945)	185,783	165,424	20,359
General supplies	290,862	201,101	491,963	400,559	91,404
Textbooks	45,792	113,984	159,776	33,876	125,900
Miscellaneous expenditures	5,700	139	5,839	1,651	4,188
Total regular programs	7,499,849	261,826	7,761,675	7,453,380	308,295
Learning and/or language disabilities:					
Salaries of teachers	78,042	(475)	77,567	77,499	68
Other salaries for instruction	31,369	6,715	38,084	37,943	141
General supplies	3,410	3,650	7,060	5,981	1,079
Textbooks	500		500		500
Total learning and/or language disabilities	113,321	9,890	123,211	121,423	1,788
Multiple disabilities:					
Salaries of teachers	480,501	78,709	559,210	553,733	5,477
Other salaries for instruction	171,597	64,937	236,534	228,739	7,795
General supplies	7,500	18,126	25,626	21,788	3,838
Textbooks	24,500	(15,400)	9,100		9,100
Total multiple disabilities	684,098	146,372	830,470	804,260	26,210
Resource room:					
Salaries of teachers	1,458,702	(99,854)	1,358,848	1,358,696	152
Other salaries for instruction	349,339	(43,486)	305,853	305,650	203
General supplies	10,000	5,000	15,000	11,049	3,951
Textbooks	4,500		4,500		4,500
Total resource room	1,822,541	(138,340)	1,684,201	1,675,395	8,806

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool disabilities:					
Salaries of teachers	28,757	42,952	71,709	63,983	7,726
Other salaries for instruction	16,605	(2,397)	14,208	14,115	93
General supplies	2,850	300	3,150	2,525	625
Textbooks	300	(300)			
Total preschool disabilities	48,512	40,555	89,067	80,623	8,444
Home instruction:					
Salaries of teachers	3,000	(2,100)	900	870	30
Purchased professional - educational services	12,000	11,550	23,550	23,267	283
Total home instruction	15,000	9,450	24,450	24,137	313
Total special education	2,683,472	67,927	2,751,399	2,705,838	45,561
Basic skills/remedial:					
Salaries of teachers	330,390	16,836	347,226	321,155	26,071
General supplies	1,400	(109)	1,291	1,203	88
Textbooks		12,427	12,427	1,577	10,850
Total basic skills/remedial	331,790	29,154	360,944	323,935	37,009
Bilingual:					
General supplies	500		500	140	360
Textbooks	200		200		200
Total bilingual	700		700	140	560
School sponsored co-curricular activities:					
Salaries	111,460	12,000	123,460	122,380	1,080
Purchased services (300-500 series)	8,900	23,001	31,901	28,653	3,248
General supplies	7,450		7,450	3,590	3,860
Miscellaneous expenditures	4,800	2,300	7,100	5,209	1,891
Total school sponsored co-curricular activities	132,610	37,301	169,911	159,832	10,079
School sponsored athletics - instruction:					
Salaries	244,207	330	244,537	241,688	2,849
Purchased services (300-500 series)	57,660	4,201	61,861	56,687	5,174
General supplies	38,910	(1,899)	37,011	36,190	821
Miscellaneous expenditures	17,125	2,495	19,620	19,606	14
Total school sponsored athletics - instruction	357,902	5,127	363,029	354,171	8,858
Total other instructional programs	823,002	71,582	894,584	838,078	56,506
Total - instruction	11,006,323	401,335	11,407,658	10,997,296	410,362

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction:					
Tuition to LEA's within state regular	45,000	20,420	65,420	59,508	5,912
Tuition to LEA's within state special	6,000	(4,000)	2,000		2,000
Tuition county vocational school regular	126,360	21,600	147,960	146,338	1,622
Tuition to county special services district & regional day schools	616,315	(466,020)	150,295	134,249	16,046
Tuition to private schools for the handicapped-state	496,135	58,859	554,994	465,776	89,218
Total undistributed expenditures - instruction	1,289,810	(369,141)	920,669	805,871	114,798
Health services:					
Salaries	384,285	3,525	387,810	385,174	2,636
Purchased professional educational services	9,860	(22)	9,838	9,740	98
Supplies and materials	24,540	518	25,058	24,219	839
Total health services	418,685	4,021	422,706	419,133	3,573
Related services:					
Salaries of teachers	365,288	(16,385)	348,903	342,251	6,652
Purchased professional educational services	30,000		30,000	10,945	19,055
General supplies	2,500	500	3,000	2,316	684
Total related services	397,788	(15,885)	381,903	355,512	26,391
Extraordinary services:					
Purchased professional educational services	120,000	(50,233)	69,767	65,436	4,331
Total extraordinary services	120,000	(50,233)	69,767	65,436	4,331
Guidance services:					
Salaries of other professional staff	567,286		567,286	524,036	43,250
Salaries of secretarial and clerical assistants	45,759	195	45,954	43,717	2,237
Purchased professional technical services	16,028	(7,200)	8,828	2,960	5,868
Other purchased services (400-500 series)	450	210	660	106	554
Supplies and materials	5,055	3,203	8,258	7,765	493
Other objects	990	(340)	650	385	265
Total guidance services	635,568	(3,932)	631,636	578,969	52,667
Child study team:					
Salaries of other professional staff	386,235	(12,500)	373,735	371,900	1,835
Salaries of secretarial and clerical assistants	97,648	11,100	108,748	108,193	555
Purchased professional technical services	21,000	(3,700)	17,300	15,385	1,915
Other purchased services (400-500 series)	1,500	2,000	3,500	3,126	374
Supplies and materials	8,500	34,054	42,554	31,316	11,238
Other objects	150		150		150
Total child study team	515,033	30,954	545,987	529,920	16,067

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of instructional services/other support services - instructional staff:					
Salaries of supervisors of instruction	93,275		93,275	93,275	
Salaries of other professional staff	85,464		85,464	85,464	
Salaries of secretarial and clerical assistants	37,608		37,608	37,072	536
Purchased professional technical services	5,000	(1,300)	3,700		3,700
Other purchased services (400-500 series)	1,500	1,300	2,800	2,771	29
Supplies and materials	3,262	334	3,596	1,840	1,756
Other objects	4,200		4,200	988	3,212
<b>Total improvement of instructional services/other support services - instructional staff</b>	<b>230,309</b>	<b>334</b>	<b>230,643</b>	<b>221,410</b>	<b>9,233</b>
Educational media services/school library:					
Salaries	274,786	19,550	294,336	262,083	32,253
Salaries of technology coordinator	97,988	(56,686)	41,302	9,071	32,231
Other purchased services (400-500 series)	1,000	142	1,142	690	452
Supplies and materials	30,350	28	30,378	26,461	3,917
Other objects	300	50	350	280	70
<b>Total educational media services/school library</b>	<b>404,424</b>	<b>(36,916)</b>	<b>367,508</b>	<b>298,585</b>	<b>68,923</b>
Instructional staff training:					
Salaries of other professional staff	9,000		9,000	2,184	6,816
Purchased professional educational services	27,000		27,000	11,005	15,995
Other purchased services (400-500 series)	20,000		20,000	11,810	8,190
<b>Total instructional staff training</b>	<b>56,000</b>		<b>56,000</b>	<b>24,999</b>	<b>31,001</b>
Support services general administration:					
Salaries	221,420		221,420	219,416	2,004
Legal services	12,400	5,500	17,900	17,748	152
Audit fees	18,800	(425)	18,375	17,900	475
Other professional services	22,012	22,425	44,437	44,008	429
Purchased technical services	10,251	219	10,470	10,470	
Communications/telephone	42,770	(9,514)	33,256	26,131	7,125
Other purchased services (400-500 series)	77,888	(236)	77,652	71,922	5,730
General supplies	4,500	(856)	3,644	1,131	2,513
Miscellaneous expenditures	4,000	3,135	7,135	7,024	111
BOE member dues/fees	11,165	(89)	11,076	10,945	131
<b>Total support services general administration</b>	<b>425,206</b>	<b>20,159</b>	<b>445,365</b>	<b>426,695</b>	<b>18,670</b>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services school administration					
Salaries of principals/assistant principals	726,340		726,340	725,983	357
Salaries of other professional staff	147,821	(1,500)	146,321	131,721	14,600
Salaries of secretarial and clerical assistants	318,392	5,134	323,526	314,227	9,299
Purchased professional educational services	5,000	(500)	4,500	2,042	2,458
Other purchased services (400-500 series)	11,500	210	11,710	8,673	3,037
Supplies and materials	19,240	975	20,215	19,780	435
Other objects	13,800	(210)	13,590	11,336	2,254
<b>Total support services school administration</b>	<b>1,242,093</b>	<b>4,109</b>	<b>1,246,202</b>	<b>1,213,762</b>	<b>32,440</b>
Central services:					
Salaries	246,126		246,126	243,254	2,872
Purchased technical services	30,985		30,985	29,704	1,281
Other purchased services (400-500 series)	2,900		2,900	1,788	1,112
Supplies and materials	6,500	333	6,833	3,647	3,186
Interest on lease purchase agreements	4,996		4,996	2,496	2,500
Other objects	2,315	3,000	5,315	5,243	72
<b>Total central services</b>	<b>293,822</b>	<b>3,333</b>	<b>297,155</b>	<b>286,132</b>	<b>11,023</b>
Required maintenance:					
Cleaning, repair, and maintenance services	137,062	416,275	553,337	443,657	109,680
<b>Total required maintenance</b>	<b>137,062</b>	<b>416,275</b>	<b>553,337</b>	<b>443,657</b>	<b>109,680</b>
Custodial services					
Salaries	922,802	(6,744)	916,058	890,127	25,931
Purchased professional - technical services	11,000		11,000	10,068	932
Cleaning, repair, and maintenance services	58,000	(12,592)	45,408	44,712	696
Other purchased property services	5,000	(4,500)	500		500
Insurance	115,343	5,112	120,455	120,455	
Miscellaneous purchased services	2,000		2,000	65	1,935
General supplies	90,918	28,462	119,380	115,070	4,310
Natural gas	115,000	13,600	128,600	114,612	13,988
Electricity	248,000		248,000	237,235	10,765
Other objects	1,000		1,000	79	921
<b>Total custodial services</b>	<b>1,569,063</b>	<b>23,338</b>	<b>1,592,401</b>	<b>1,532,423</b>	<b>59,978</b>
<b>Total operation and maintenance of plant services</b>	<b>1,706,125</b>	<b>439,613</b>	<b>2,145,738</b>	<b>1,976,080</b>	<b>169,658</b>
Student transportation services:					
Contracted services (between home and school) - vendors	1,768		1,768		1,768
Contracted services (other than between home and school) - vendors	64,350	6,675	71,025	69,123	1,902
Contracted services (special education students) - vendors	118,707	(57,925)	60,782	49,312	11,470
Contracted services (special education students) - joint agreements	364,738	17,100	381,838	380,245	1,593
<b>Total student transportation services</b>	<b>549,563</b>	<b>(34,150)</b>	<b>515,413</b>	<b>498,680</b>	<b>16,733</b>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated benefits:					
Group insurance	4,680	1,000	5,680	5,261	419
Social security	290,747		290,747	285,265	5,482
Other retirement - regular	309,114	(5,235)	303,879	291,005	12,874
Worker's compensation	137,037	5,482	142,519	142,519	
Health benefits	2,757,851	(208,323)	2,549,528	2,505,892	43,636
Tuition reimbursement	50,000	500	50,500	50,403	97
Other employee benefits	287,620	31,654	319,274	313,103	6,171
Total unallocated benefits	3,837,049	(174,922)	3,662,127	3,593,448	68,679
Teachers' Pension and Annuity Fund (on-behalf non-budgeted)				623,567	(623,567)
TPAF post-retirement (on-behalf non-budgeted)				989,913	(989,913)
Reimbursed TPAF social security contributions (non-budgeted)				849,020	(849,020)
Total on-behalf contributions				2,462,500	(2,462,500)
Total undistributed expenditures	12,121,475	(182,656)	11,938,819	13,757,132	(1,818,313)
Total expenditures - current expense	23,127,798	218,679	23,346,477	24,754,428	(1,407,951)
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Regular programs - instruction:					
Grades 1-5		29,919	29,919	29,919	
Grades 6-8	14,000		14,000		14,000
Undistributed expenditures:					
Operations and maintenance		11,630	11,630	11,629	1
Student transportation - bus special		53,000	53,000		53,000
Total equipment	14,000	94,549	108,549	41,548	67,001
Facilities acquisition and construction services:					
SDA assessments	2,213		2,213	2,213	
Total facilities acquisition and construction services	2,213		2,213	2,213	
Assets acquired under capital leases (non-budgeted):					
Support services - students regular				138,243	(138,243)
Total assets acquired under capital leases (non-budgeted)				138,243	(138,243)
Total capital outlay	16,213	94,549	110,762	182,004	(71,242)
Total expenditures	\$ 23,144,011	\$ 313,228	\$ 23,457,239	\$ 24,936,432	\$ (1,479,193)

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (deficiency) of revenues over (under) expenditures	\$ (486,143)	\$ (313,228)	\$ (799,371)	\$ 301,557	\$ 1,100,928
Other financing sources (uses):					
Transfer to food service	(65,000)	(50,000)	(115,000)	(90,000)	(25,000)
Capital leases (non-budgeted)				138,243	(138,243)
Maintenance reserve to required maintenance		(363,228)	(363,228)		(363,228)
Total other financing sources (uses)	(65,000)	(313,228)	(478,228)	48,243	(526,471)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(551,143)		551,143	349,800	574,457
Fund balances - July 1	2,457,562		2,457,562	2,457,562	
Fund balances - June 30	\$ 1,906,418		\$ 3,008,705	\$ 2,807,362	\$ 574,457

**Recapitulation:**

**Restricted fund balance:**

Capital reserve	\$ 191,701
Maintenance reserve	666,462
Excess surplus - designated for subsequent year's expenditures	461,979
Excess surplus - current year	531,058

**Assigned fund balance:**

Year-end encumbrances	371,906
ARRA-SEMI designated for subsequent year's expenditures	11,322
Designated for subsequent year's expenditures	73,021
<b>Unassigned fund balance</b>	499,913

2,807,362

Reconciliation to Governmental Fund Statements (GAAP)

Last State Aid Payment not recognized on GAAP Basis

(949,891)

Fund balance per Governmental Funds (GAAP)

\$ 1,857,471

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal sources	\$ 499,309	\$ 108,672	\$ 607,981	\$ 607,981	
<b>Total revenues</b>	<b>\$ 499,309</b>	<b>\$ 108,672</b>	<b>\$ 607,981</b>	<b>\$ 607,981</b>	
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	\$ 115,272	\$ (9,437)	\$ 105,835	\$ 105,835	
Other salaries for instruction		14,013	14,013	14,013	
Tuition	325,202	55,236	380,438	380,438	
General supplies	16,816	16,229	33,045	33,045	
<b>Total instruction</b>	<b>457,290</b>	<b>76,041</b>	<b>533,331</b>	<b>533,331</b>	
Support services:					
Salaries of supervisors of instruction					
Personal services - employee benefits	21,231	(2,326)	18,905	18,905	
Purchased professional technical services	17,710	34,964	52,674	52,674	
Other purchased services (400-500 series)		2,747	2,747	2,747	
General supplies	3,078	(2,754)	324	324	
<b>Total support services</b>	<b>42,019</b>	<b>32,631</b>	<b>74,650</b>	<b>74,650</b>	
<b>Total expenditures</b>	<b>\$ 499,309</b>	<b>\$ 108,672</b>	<b>\$ 607,981</b>	<b>\$ 607,981</b>	

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1] \$ 25,237,989	[C-2] \$ 607,981
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(949,891)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	936,952	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2] \$ 25,225,050	[B-2] \$ 607,981
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] \$ 24,936,432	[C-2] \$ 607,981
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2] \$ 24,936,432	[B-2] \$ 607,981

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS  
 Last Two Fiscal Years

	Fiscal Year Ended	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability (asset)	0.0334760830%	0.0332462894%
District's proportionate share of the net pension liability (asset)	\$ 6,267,638	\$ 6,354,026
District's covered-employee payroll	2,531,363	2,544,847
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.60%	249.68%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Schedule of District Contributions - PERS  
 Last Two Fiscal Years

	Fiscal Year Ended	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 275,972	\$ 250,504
Contributions in relation to the contractually required contribution	<u>275,972</u>	<u>250,504</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 2,531,363	\$ 2,544,847
Contributions as a percentage of covered-employee payroll	10.90%	9.84%

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF  
 Last Two Fiscal Years

	Fiscal Year Ended	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability (asset)	0.1091881787%	0.1138993907%
District's proportionate share of the net pension liability (asset)	\$ 58,357,528	\$ 57,563,856
District's covered-employee payroll	12,003,103	12,028,488
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	486.19%	478.56%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation – 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

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

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

**NOTE 1: CONTRIBUTIONS**

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**NOTE 2: ACTUARIAL ASSUMPTIONS**

The total pension liability for the June 30, 2014, measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013, measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.01%
Salary increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment rate of return	7.90%

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.

The actuarial assumptions used in the July 1, 2013, valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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

## **OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

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

	Total Brought Forward Ex. E-1a	Title I Part A	Totals	
			FY 2015	FY 2014
<b>REVENUES:</b>				
Federal sources	\$ 450,196	\$ 157,785	\$ 607,981	\$ 604,209
Total revenues	<u>\$ 450,196</u>	<u>\$ 157,785</u>	<u>\$ 607,981</u>	<u>\$ 604,209</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of teachers		\$ 105,835	\$ 105,835	\$ 124,765
Other salaries for instruction	\$ 14,013		14,013	
Tuition	380,438		380,438	382,591
General supplies		33,045	33,045	31,804
Total instruction	<u>394,451</u>	<u>138,880</u>	<u>533,331</u>	<u>539,160</u>
Support services:				
Salaries of supervisors of instruction				2,200
Personal services - employee benefits		18,905	18,905	28,696
Purchased professional - technical services	52,674		52,674	32,653
Other purchased services (400-500 series)	2,747		2,747	
General supplies	324		324	1,500
Total support services	<u>55,745</u>	<u>18,905</u>	<u>74,650</u>	<u>65,049</u>
Total expenditures	<u>\$ 450,196</u>	<u>\$ 157,785</u>	<u>\$ 607,981</u>	<u>\$ 604,209</u>

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

	IDEA Preschool	IDEA-Part B - Basic	Title II, Part A Teacher & Principal Training & Recruiting	Total Carried Forward
REVENUES:				
Federal sources	\$ 14,013	\$ 380,438	\$ 55,745	\$ 450,196
Total revenues	<u>\$ 14,013</u>	<u>\$ 380,438</u>	<u>\$ 55,745</u>	<u>\$ 450,196</u>
EXPENDITURES:				
Instruction:				
Other salaries for instruction	\$ 14,013			\$ 14,013
Tuition		\$ 380,438		380,438
Total instruction	<u>14,013</u>	<u>380,438</u>		<u>394,451</u>
Support services:				
Purchased professional - technical services			\$ 52,674	52,674
Other purchased services (400-500 series)			2,747	2,747
General supplies			324	324
Total support services			<u>55,745</u>	<u>55,745</u>
Total expenditures	<u>\$ 14,013</u>	<u>\$ 380,438</u>	<u>\$ 55,745</u>	<u>\$ 450,196</u>

## **CAPITAL PROJECTS FUND**

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 June 30, 2015

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 6/30/15
			Prior Years	Current Year	
Installing Solar Panels at Pitman High School and other energy related improvements	08/19/09	\$ 2,095,000	\$ 1,991,660	\$ 103,340	None

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

	FY 2015
Revenues & other financing sources	
Interest earned	\$ 334
Total revenues	334
Expenditures & other financing uses	
Purchased professional & technical services	30,869
Construction services	72,471
Total expenditures	103,340
Excess (deficiency) or revenues over (under) expenditures	(103,006)
Other financing sources (uses)	
Transfer to debt service fund	(334)
Fund balance - beginning	103,340

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis  
 Installing Solar Panels at Pitman High School and Other Energy Related Improvements  
 From Inception and for the Fiscal Year Ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & other financing sources				
Bond proceeds	\$ 2,095,000		\$ 2,095,000	\$ 2,095,000
Total revenues	<u>2,095,000</u>		<u>2,095,000</u>	<u>2,095,000</u>
Expenditures & other financing uses				
Purchased professional & technical services	157,393	\$ 30,869	188,262	188,262
Construction services	1,833,657	72,471	1,906,128	1,906,128
Miscellaneous expenditures	610		610	610
Total expenditures	<u>1,991,660</u>	<u>103,340</u>	<u>2,095,000</u>	<u>2,095,000</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 103,340</u>	<u>\$ (103,340)</u>		
Additional project information:				
Project number	4140-080-05-1000			
Grant date	None			
Bond authorization date	September 19, 2009			
Bonds authorized	\$ 2,095,000			
Bonds issued	2,095,000			
Original authorized cost	2,095,000			
Additional authorized cost	None			
Revised authorized cost	2,095,000			
Percentage increase over original authorized cost	0%			
Percentage completion	100%			
Original target completion date	June 2010			
Revised target completion date	June 2010			

## **PROPRIETARY FUNDS**

BOROUGH OF PITMAN SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Net Position  
For the Fiscal Year Ended June 30, 2015

	Business-type Activities			Totals	
	Food Service	Preschool	Before/After	FY 2015	FY 2014
	Fund		School		
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 11	\$ 52,921	\$ 244,043	\$ 296,975	\$ 287,795
Accounts receivable:					
Federal	8,096			8,096	10,167
State	299			299	276
Other		500		500	1,930
Inventory	1,904			1,904	4,920
Total current assets	10,310	53,421	244,043	307,774	305,088
<b>NON-CURRENT ASSETS</b>					
Furniture, machinery & equipment	196,861			196,861	177,993
Less: accumulated depreciation	(160,955)			(160,955)	(156,904)
Total noncurrent assets	35,906			35,906	21,089
Total assets	46,216	53,421	244,043	343,680	326,177
<b>LIABILITIES AND NET POSITION</b>					
Current liabilities:					
Accounts payable			840	840	
Interfund accounts payable	21,900			21,900	
Unearned revenue	325	900	2,585	3,810	3,992
Compensated absences	13,715			13,715	12,886
Total current liabilities	35,940	900	3,425	40,265	16,878
Net position:					
Invested in capital assets, net of related debt	35,906			35,906	21,089
Unrestricted	(25,630)	52,521	240,618	267,509	288,210
Total net position	\$ 10,276	\$ 52,521	\$ 240,618	\$ 303,415	\$ 309,299

BOROUGH OF PITMAN SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2015

	Business-type Activities			Totals	
	Food Service	Preschool	Before/After	FY 2015	FY 2014
	Fund		School		
<b>OPERATING REVENUES:</b>					
Local sources:					
Daily sales-reimbursable programs:	\$ 98,286			\$ 98,286	\$ 110,191
Daily sales milk program	1,972			1,972	2,028
Daily sales non-reimbursable programs	82,042			82,042	88,039
Special function/miscellaneous	1,046			1,046	1,191
Tuition		\$ 86,469	\$ 228,383	314,852	303,084
Total operating revenue	183,346	86,469	228,383	498,198	504,533
<b>OPERATING EXPENSES:</b>					
Salaries	231,154	94,470	165,847	491,471	473,055
Employee benefits	17,708		12,386	30,094	30,612
Other purchased services (400-500 series)	8,197		918	9,115	6,305
Supplies and materials	13,909		8,355	22,264	23,873
Cost of sales	184,901			184,901	199,784
Miscellaneous other expenses	185		954	1,139	2,459
Depreciation	4,050			4,050	3,255
Total operating expenses	460,104	94,470	188,460	743,034	739,343
Operating income (loss)	(276,758)	(8,001)	39,923	(244,836)	(234,810)
<b>NON-OPERATING REVENUES:</b>					
State sources:					
National school lunch program - state	3,406			3,406	3,685
Federal sources:					
National school lunch program	114,204			114,204	121,830
School breakfast program	15,125			15,125	10,207
Special milk program	1,688			1,688	1,949
Food distribution program	20,033			20,033	21,204
Total non-operating revenues (expenses)	154,456			154,456	158,875
Income (loss) before contributions	(122,302)	(8,001)	39,923	(90,380)	(75,935)
Transfers from general fund	90,000			90,000	70,000
Loss from inventory - food	(1,085)			(1,085)	
Loss from inventory - commodities	(4,419)			(4,419)	
Net income (loss)	(37,806)	(8,001)	39,923	(5,884)	(5,935)
Total net position - July 1	48,082	60,522	200,695	309,299	315,234
Total net position - June 30	\$ 10,276	\$ 52,521	\$ 240,618	\$ 303,415	\$ 309,299

BOROUGH OF PITMAN SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Cash Flows  
For the Fiscal Year Ended June 30, 2015

	Business-type Activities			Totals	
	Food Service	Preschool	Before/After	FY 2015	FY 2014
	Fund		School		
Cash flows from operating activities:					
Receipts from customers	\$ 183,346	\$ 87,819	\$ 230,738	\$ 501,903	\$ 499,006
Payments to suppliers	(192,104)		(9,387)	(201,491)	(210,903)
Payments to employees	(230,384)	(94,470)	(165,847)	(490,701)	(472,188)
Payments for employee benefits	(17,650)		(12,386)	(30,036)	(30,612)
Net cash provided (used) by operating activities	(256,792)	(6,651)	43,118	(220,325)	(214,697)
Cash flows from non-capital financing activities:					
Cash received from state & federal reimbursements	136,472			136,472	133,750
Net cash provided by non-capital financing activities	136,472			136,472	133,750
Cash flows from investing activities:					
Capital expenditures	(18,867)			(18,867)	
Interfund accounts receivable	21,900			21,900	
Payments from general fund	90,000			90,000	70,000
Net cash provided by investing activities	93,033			93,033	70,000
Net increase in cash and cash equivalents	(27,287)	(6,651)	43,118	9,180	(10,947)
Cash and cash equivalents - July 1	27,298	59,572	200,925	287,795	298,742
Cash and cash equivalents - June 30	\$ 11	\$ 52,921	\$ 244,043	\$ 296,975	\$ 287,795
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (276,758)	\$ (8,001)	\$ 39,923	\$ (244,836)	\$ (234,810)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation	4,050			4,050	3,255
Food distribution program	20,033			20,033	21,204
Change in assets and liabilities:					
(Increase) decrease in accounts receivable		1,400	30	1,430	2,426
(Increase) decrease in inventory	(2,488)			(2,488)	1,551
Increase (decrease) in accounts payable			840	840	(479)
Increase (decrease) in compensated absences	828			828	867
Increase (decrease) in unearned revenue	(2,457)	(50)	2,325	(182)	(8,711)
	\$ (256,792)	\$ (6,651)	\$ 43,118	\$ (220,325)	\$ (214,697)

## **FIDUCIARY FUNDS**

BOROUGH OF PITMAN SCHOOL DISTRICT  
Combining Statement of Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2015

	Unemployment Trust Fund	Agency Funds	Totals	
			FY 2015	FY 2014
<b>ASSETS</b>				
Cash and cash equivalents	\$ 314,759	\$ 379,076	\$ 693,835	\$ 553,288
Total assets	<u>\$ 314,759</u>	<u>\$ 379,076</u>	<u>693,835</u>	<u>553,288</u>
<b>LIABILITIES</b>				
Payroll deductions and withholdings		\$ 140,831	140,831	113,307
Due to student groups		146,656	146,656	122,552
Interfund payables:				
General fund		91,589	91,589	10,000
Total liabilities		<u>\$ 379,076</u>	<u>379,076</u>	<u>245,859</u>
<b>NET POSITION</b>				
Unreserved	\$ 314,759		314,759	211,685
Total net position	<u>\$ 314,759</u>		<u>\$ 314,759</u>	<u>\$ 211,685</u>

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

	Unemployment Trust Fund	Totals	
		FY 2015	FY 2014
<b>ADDITIONS:</b>			
Contributions:			
Plan members	\$ 26,499	\$ 26,499	\$ 28,235
Board of education			100,000
Total contributions	<u>26,499</u>	<u>26,499</u>	<u>128,235</u>
Investment earnings:			
Interest	1,199	1,199	878
Total investment earnings	<u>1,199</u>	<u>1,199</u>	<u>878</u>
Total additions	<u>27,698</u>	<u>27,698</u>	<u>129,113</u>
<b>DEDUCTIONS:</b>			
Unemployment claims	20,368	20,368	33,369
Change in net position	7,330	7,330	95,744
Net position - beginning of year	307,429	307,429	211,685
Net position - end of year	<u>\$ 314,759</u>	<u>\$ 314,759</u>	<u>\$ 307,429</u>

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

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
Elementary:				
Kindle	\$ 3,038	\$ 14,590	\$ 11,725	\$ 5,903
Walls	4,945	22,064	18,895	8,114
Memorial	6,611	14,237	13,078	7,770
Elementary subtotal	<u>14,594</u>	<u>50,891</u>	<u>43,698</u>	<u>21,787</u>
Middle school	25,806	106,893	93,611	39,088
High school	66,288	122,657	120,051	68,894
District-wide	15,864	18,122	17,099	16,887
	<u>\$ 122,552</u>	<u>\$ 298,563</u>	<u>\$ 274,459</u>	<u>\$ 146,656</u>

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

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 123,307	\$ 17,270,449	\$ 17,161,336	\$ 232,420
Total assets	<u>\$ 123,307</u>	<u>\$ 17,270,449</u>	<u>\$ 17,161,336</u>	<u>\$ 232,420</u>
<b>LIABILITIES</b>				
Employees' net pay		\$ 9,369,568	\$ 9,369,568	
Payroll deductions and withholdings	\$ 113,307	7,818,337	7,790,813	\$ 140,831
Interfund payable	10,000	82,544	955	91,589
Total liabilities	<u>\$ 123,307</u>	<u>\$ 17,270,449</u>	<u>\$ 17,161,336</u>	<u>\$ 232,420</u>

## **LONG-TERM DEBT**

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Long-Term Debt Account Group  
 Schedule of Serial Bonds  
 June 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015							
			Date	Amount												
Refunding Bonds of 2005	06/01/05	\$ 6,185,000	04/01/16	\$ 660,000	4.00%	\$ 2,600,000		\$ 660,000	\$ 1,940,000							
			04/01/17	655,000	4.00%											
			04/01/18	625,000	4.00%											
School Bonds	01/11/06	4,229,000	08/01/15	30,000	3.65%	4,179,000		10,000	4,169,000							
			08/01/16	45,000	3.65%											
			08/01/17	65,000	3.65%											
			08/01/18	435,000	4.00%											
			08/01/19	455,000	4.00%											
			08/01/20	470,000	4.00%											
			08/01/21	490,000	4.00%											
			08/01/22	510,000	4.05%											
			08/01/23	535,000	4.05%											
			08/01/24	555,000	4.05%											
			08/01/25	579,000	4.05%											
			School Bonds	12/16/2009	2,095,000.00					03/01/16	125,000.00	3.000%	1,665,000		120,000	1,545,000
03/01/17	130,000.00	3.000%														
03/01/18	140,000.00	3.000%														
03/01/19	145,000.00	3.000%														
03/01/20	150,000.00	3.350%														
03/01/21	155,000.00	3.500%														
03/01/22	165,000.00	4.000%														
03/01/23	170,000.00	4.000%														
03/01/24	180,000.00	4.000%														
03/01/25	185,000.00	4.000%														
						\$ 8,444,000	None	\$ 790,000	\$ 7,654,000							

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Schedule of Obligations Under Capital Leases  
 Debt Service Fund  
 For the Fiscal Year Ended June 30, 2015

Purpose	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate	Amount	Issued	Retired	Amount
			Principal	Interest		Outstanding July 1, 2014			Outstanding June 30, 2015
2012 Computers	11/28/12	3 years	\$ 102,679	\$ 2,301	2.26%	\$ 34,221		\$ 34,221	
2013 Computers	07/30/13	3 years	105,932	2,595	2.47%	69,756		34,453	\$ 35,303
2014 Computers	09/25/14	3 years	138,243	3,250	2.37%		\$ 138,243	47,164	91,079
						\$ 103,977	\$ 138,243	\$ 115,838	\$ 126,382

BOROUGH OF PITMAN 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
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 585,213		\$ 585,213	\$ 585,213	
State sources:					
Debt service aid type II	464,354		464,354	464,354	
<b>Total revenues</b>	<b>1,049,567</b>		<b>1,049,567</b>	<b>1,049,567</b>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	335,192		335,192	335,192	
Redemption of principal	790,000		790,000	790,000	
<b>Total expenditures</b>	<b>1,125,192</b>		<b>1,125,192</b>	<b>1,125,192</b>	
Excess (deficiency) of revenues over (under) expenditures	(75,625)		(75,625)	(75,625)	
<b>Other financing sources (uses)</b>					
Transfer from capital projects:					
Interest earned				334	\$ (334)
	(75,625)		(75,625)	(75,291)	(334)
Fund balance - July 1	208,105		208,105	208,105	8,943
Fund balance - June 30	\$ 132,480		\$ 132,480	\$ 132,814	\$ 8,609
<b>Recapitulation of excess of revenues over expenditures:</b>					
Budgeted fund balance				\$ 82,064	

**STATISTICAL SECTION  
(Unaudited)**

**BOROUGH OF PITMAN SCHOOL DISTRICT  
STATISTICAL SECTION**

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	109-115
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	116-119
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	120-123
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	124-125
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	126-130

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Net Position By Component  
 Last Ten Fiscal Years  
 Fiscal Year Ending June 30, 2015  
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 1,972,349	\$ 1,583,445	\$ 1,711,957	\$ 1,292,415	\$ 728,731	\$ 966,163	\$ 1,185,715	\$ 1,397,748	\$ 2,137,578	\$ 2,455,097
Restricted	2,507,119	1,048,991	1,483,397	1,221,806	1,570,508	2,247,509	2,527,992	2,557,021	2,244,406	2,440,263
Unrestricted	(3,483,001)	(769,877)	(989,351)	(1,323,226)	(1,374,651)	(1,007,082)	(948,770)	(907,488)	(916,702)	(7,227,828)
<b>Total governmental activities net position</b>	<b>\$ 996,467</b>	<b>\$ 1,862,558</b>	<b>\$ 2,206,002</b>	<b>\$ 1,190,995</b>	<b>\$ 924,588</b>	<b>\$ 2,206,590</b>	<b>\$ 2,764,937</b>	<b>\$ 3,047,281</b>	<b>\$ 3,465,282</b>	<b>\$ (2,332,468)</b>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	\$ 40,037	\$ 40,752	\$ 53,101	\$ 46,109	\$ 39,704	\$ 34,100	\$ 28,708	\$ 24,344	\$ 21,089	\$ 35,906
Unrestricted	(1,759)	84,323	67,713	90,861	147,132	258,557	280,336	290,890	288,210	267,509
<b>Total business-type activities net position</b>	<b>\$ 38,278</b>	<b>\$ 125,076</b>	<b>\$ 120,814</b>	<b>\$ 136,970</b>	<b>\$ 186,836</b>	<b>\$ 292,657</b>	<b>\$ 309,044</b>	<b>\$ 315,234</b>	<b>\$ 309,299</b>	<b>\$ 303,415</b>
<b>District-wide:</b>										
Invested in capital assets, net of related debt	\$ 2,012,386	\$ 1,624,197	\$ 1,765,058	\$ 1,338,524	\$ 768,435	\$ 1,000,263	\$ 1,214,423	\$ 1,422,092	\$ 2,158,667	\$ 2,491,003
Restricted	2,507,119	1,048,991	1,483,397	1,221,806	1,570,508	2,247,509	2,527,992	2,557,021	2,244,406	2,440,263
Unrestricted	(3,484,760)	(685,554)	(921,638)	(1,232,365)	(1,227,519)	(748,525)	(668,434)	(616,598)	(628,492)	(6,960,319)
	<b>\$ 1,034,745</b>	<b>\$ 1,987,634</b>	<b>\$ 2,326,817</b>	<b>\$ 1,327,965</b>	<b>\$ 1,111,424</b>	<b>\$ 2,499,247</b>	<b>\$ 3,073,981</b>	<b>\$ 3,362,515</b>	<b>\$ 3,774,581</b>	<b>\$ (2,029,053)</b>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Changes In Net Position  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2015  
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>EXPENSES:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 8,597,502	\$ 8,606,958	\$ 8,501,777	\$ 7,015,470	\$ 7,171,531	\$ 6,731,858	\$ 6,661,467	\$ 6,986,990	\$ 7,117,731	\$ 7,304,641
Special education	2,359,293	2,369,447	2,717,915	2,689,344	2,980,476	2,780,416	3,088,349	3,137,435	3,088,673	3,252,223
Other special education	190,449	186,454	251,314	301,076	349,147	331,244	260,897	284,660	293,898	316,196
Other instruction	521,940	536,472	597,451	558,183	547,663	424,990	437,599	465,823	503,066	516,624
Support services:										
Tuition	734,728	746,314	787,556	984,272	1,039,671	1,164,917	1,209,693	1,321,132	1,236,898	805,871
Student instruction and related services	2,768,856	2,652,756	2,710,522	2,437,554	2,582,864	2,351,234	2,357,910	2,467,666	2,477,237	2,569,859
General administration & central services	844,087	794,717	757,769	850,992	613,345	721,101	730,561	700,222	688,915	720,747
School administrative services	1,309,698	1,295,775	1,383,220	1,124,103	1,032,468	1,131,922	1,151,486	1,126,185	1,189,997	1,229,376
Plant operations and maintenance & grounds	1,884,107	2,101,508	2,356,830	2,083,627	1,710,533	1,581,643	1,699,936	1,839,748	1,829,674	1,986,009
Pupil transportation	316,904	308,470	299,661	384,427	424,838	464,048	501,909	537,632	529,031	498,680
Employee benefits	1,763,654	2,626,831	2,595,796	4,565,166	5,037,668	4,948,448	5,530,397	5,988,795	5,835,766	6,098,670
Interest on long-term debt	331,084	468,447	446,419	426,657	439,885	457,979	429,518	402,070	371,780	336,273
Capital outlay				203,837	105,000	27,238	37,858	108,776	110,921	140,456
Unallocated depreciation	314,209	398,195	506,410	490,540	480,815	530,301	543,989	544,252	559,310	570,309
<b>Total governmental activities expenses</b>	<b>21,936,511</b>	<b>23,092,342</b>	<b>23,912,640</b>	<b>24,115,248</b>	<b>24,515,904</b>	<b>23,647,339</b>	<b>24,641,569</b>	<b>25,911,386</b>	<b>25,832,897</b>	<b>26,345,934</b>
Business-type activities:										
Food service	465,595	465,551	456,014	461,529	480,534	439,623	454,484	462,856	465,673	460,104
Before/after school	85,104	132,273	250,152	252,362	227,745	193,727	191,764	189,132	185,643	188,460
Preschool	56,306	81,566	115,668	117,298	120,864	56,963	84,744	83,922	88,027	94,470
Purchased business services			12,380							
<b>Total business-type activities expense</b>	<b>607,005</b>	<b>679,391</b>	<b>834,215</b>	<b>831,189</b>	<b>829,143</b>	<b>690,313</b>	<b>730,992</b>	<b>735,910</b>	<b>739,343</b>	<b>743,034</b>
<b>Total District expenses</b>	<b>\$ 22,543,517</b>	<b>\$ 23,771,733</b>	<b>\$ 24,746,855</b>	<b>\$ 24,946,437</b>	<b>\$ 25,345,047</b>	<b>\$ 24,337,652</b>	<b>\$ 25,372,561</b>	<b>\$ 26,647,296</b>	<b>\$ 26,572,240</b>	<b>\$ 27,088,968</b>
<b>PROGRAM REVENUES:</b>										
Governmental activities:										
Charges for services:										
Central services										
Operating grants and contributions	\$ 1,763,654	\$ 2,626,831	\$ 33,500	\$ 49,955	\$ 783,936	\$ 641,830	\$ 628,474	\$ 601,256	\$ 604,209	\$ 607,981
<b>Total governmental activities program revenues</b>	<b>1,763,654</b>	<b>2,626,831</b>	<b>2,629,296</b>	<b>596,663</b>	<b>783,936</b>	<b>641,830</b>	<b>628,474</b>	<b>601,256</b>	<b>604,209</b>	<b>607,981</b>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Changes In Net Position  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2015  
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services:										
Food service	252,000	271,738	276,882	285,024	272,368	272,373	242,826	219,129	201,449	183,346
Before/after school	103,173	196,436	224,854	271,769	263,870	241,369	224,216	211,330	221,581	228,383
Preschool	59,540	93,055	115,585	115,704	126,639	125,843	62,435	85,576	81,503	86,469
Operating grants and contributions	86,534	81,278	94,895	106,386	131,132	126,549	137,902	151,065	158,875	154,456
Inventory loss										(5,504)
Total business-type activities program revenues	501,247	642,507	712,216	778,883	794,009	766,134	667,379	667,100	663,408	647,150
Total District program revenue	\$ 2,264,901	\$ 3,269,338	\$ 3,341,512	\$ 1,375,546	\$ 1,577,945	\$ 1,407,964	\$ 1,295,853	\$ 1,268,356	\$ 1,267,617	\$ 1,255,131
Net (expense) revenue:										
Governmental activities	\$ (20,172,858)	\$ (20,465,512)	\$ (21,283,344)	\$ (23,518,585)	\$ (23,731,968)	\$ (23,005,509)	\$ (24,013,095)	\$ (25,310,130)	\$ (25,228,688)	\$ (25,737,953)
Business-type activities	(105,758)	(36,883)	(121,999)	(52,306)	(35,134)	75,821	(63,613)	(68,810)	(75,935)	(95,884)
Total District-wide net expense	\$ (20,278,616)	\$ (20,502,395)	\$ (21,405,343)	\$ (23,570,891)	\$ (23,767,102)	\$ (22,929,688)	\$ (24,076,708)	\$ (25,378,940)	\$ (25,304,623)	\$ (25,833,837)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Property taxes levied for government purposes	\$ 9,032,459	\$ 10,004,998	\$ 10,223,501	\$ 10,474,358	\$ 10,893,332	\$ 11,403,562	\$ 11,453,127	\$ 12,032,190	\$ 12,326,130	\$ 12,572,652
Taxes levied for debt service	499,039	473,014	395,812	392,273	422,193	673,890	580,479	686,763	670,384	585,213
Grants and contributions	10,850,158	10,678,122	10,893,729	11,558,592	12,005,361	11,505,267	12,259,048	12,632,312	12,425,177	12,858,137
Tuition received	66,160	91,133	85,599	98,909	160,171	134,843	156,858	194,463	201,522	162,656
Investment earnings	139,557	159,868	97,326	27,269	11,391	1,850	37,407	32,885	15,723	16,627
Miscellaneous income	49,702	48,149	48,558	21,057	58,113	334,747	164,523	88,861	77,753	79,666
Other financing sources						298,031				
Transfers	(124,000)	(123,681)	(84,238)	(90,000)	(85,000)	(30,000)	(80,000)	(75,000)	(70,000)	(90,000)
Total governmental activities	20,513,076	21,331,603	21,660,287	22,482,458	23,465,561	24,322,190	24,571,442	25,592,474	25,646,689	26,184,951
Business-type activities:										
Transfers	124,000	123,681	84,238	90,000	85,000	30,000	80,000	75,000	70,000	90,000
Total business-type activities	124,000	123,681	84,238	90,000	85,000	30,000	80,000	75,000	70,000	90,000
Total district-wide	\$ 20,637,076	\$ 21,455,284	\$ 21,744,525	\$ 22,572,458	\$ 23,550,561	\$ 24,352,190	\$ 24,651,442	\$ 25,667,474	\$ 25,716,689	\$ 26,274,951
Change in net position:										
Governmental activities	\$ 340,218	\$ 866,091	\$ 376,943	\$ (1,036,127)	\$ (266,407)	\$ 1,316,681	\$ 558,347	\$ (68,810)	\$ 418,001	\$ 446,998
Business-type activities	18,242	86,797	(37,761)	37,694	49,866	105,821	16,387	288,534	(5,935)	(5,884)
Total district	\$ 358,460	\$ 952,888	\$ 339,182	\$ (998,433)	\$ (216,541)	\$ 1,422,502	\$ 574,734	\$ 219,724	\$ 412,066	\$ 441,114

BOROUGH OF PITMAN SCHOOL DISTRICT  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2015  
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Restricted						\$ 997,366	\$ 1,532,551	\$ 1,308,556	\$ 1,594,158	\$ 1,851,200
Assigned						360,846	138,680	409,560	338,803	456,249
Unassigned						(307,465)	(361,628)	(361,554)	(412,351)	(449,978)
Reserved	\$ 237,071	\$ 936,059	\$ 1,483,397	\$ 1,127,994	\$ 961,595					
Unreserved	(53,422)	124,869	(51,354)	(439,647)	(561,782)					
Total general fund	<u>\$ 183,649</u>	<u>\$ 1,060,928</u>	<u>\$ 1,432,042</u>	<u>\$ 688,347</u>	<u>\$ 399,813</u>	<u>\$ 1,050,747</u>	<u>\$ 1,309,603</u>	<u>\$ 1,356,562</u>	<u>\$ 1,520,610</u>	<u>\$ 1,857,471</u>
All other governmental funds										
Restricted										
Capital projects fund						\$ 649,014	\$ 649,014	\$ 626,436	\$ 103,340	
Debt service fund						301,129	207,747	212,469	208,105	132,814
Reserved		\$ 112,931								
Unreserved, reported in:										
Special revenue fund	\$ (2,947)	(2,947)	(2,947)							
Capital projects fund	2,536,549		87,551	\$ 87,551	\$ 650,832					
Debt service fund	83,338	126,217	52,481	6,261	8,943					
Total all other governmental funds	<u>\$ 2,616,940</u>	<u>\$ 236,201</u>	<u>\$ 137,085</u>	<u>\$ 93,812</u>	<u>\$ 659,775</u>	<u>\$ 950,143</u>	<u>\$ 856,761</u>	<u>\$ 838,905</u>	<u>\$ 311,445</u>	<u>\$ 132,814</u>

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Changes in Fund Balances - Governmental Funds  
 Last Ten Fiscal Years  
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES:</b>										
Tax levy	\$ 9,531,498	\$10,478,012	\$ 10,619,313	\$ 10,866,631	\$ 11,315,525	\$ 12,077,452	\$ 12,033,606	\$ 12,718,953	\$ 12,996,514	\$ 13,157,865
Tuition charges	66,160	91,133	85,599	98,909	160,171	134,843	156,858	194,463	201,522	162,656
Interest earnings	68,737	112,793	91,921	27,269	11,391	1,850	37,407	32,885	15,723	16,627
Miscellaneous	120,522	95,224	53,963	21,057	58,113	334,747	164,523	88,861	77,753	79,666
State sources	11,937,204	12,276,179	12,945,500	11,560,887	10,499,202	11,440,935	11,884,726	12,587,011	12,383,938	12,794,979
Federal sources	676,608	1,028,773	544,025	544,413	2,290,095	671,483	1,002,796	646,557	645,448	671,139
<b>Total revenue</b>	<b>22,400,730</b>	<b>24,082,114</b>	<b>24,340,321</b>	<b>23,119,166</b>	<b>24,334,497</b>	<b>24,661,310</b>	<b>25,279,916</b>	<b>26,268,730</b>	<b>26,320,898</b>	<b>26,882,932</b>
<b>EXPENDITURES:</b>										
Instruction:										
Regular	6,489,529	6,564,888	6,623,399	7,007,608	6,954,855	6,698,176	6,668,995	6,982,719	7,253,214	7,453,380
Special	2,436,026	2,498,517	2,701,016	2,673,045	2,978,305	2,763,311	3,084,910	3,137,428	3,086,230	3,239,169
Other special	190,449	186,454	209,966	300,243	356,549	323,054	268,682	286,708	293,853	323,935
Other	467,047	500,900	533,613	553,615	543,964	421,936	434,558	462,617	500,235	514,143
Support Services:										
Tuition	734,728	746,314	787,556	934,652	1,039,671	1,164,917	1,209,693	1,321,132	1,236,898	805,871
Student & inst. related services	2,198,099	2,190,628	2,333,126	2,421,416	2,523,983	2,345,942	2,351,469	2,436,769	2,450,331	2,549,709
General administration	1,068,349	400,243	412,661	402,334	415,723	433,527	409,306	411,247	404,270	426,695
School administrative services	701,585	1,050,803	1,099,471	1,104,078	1,134,481	1,118,052	1,132,625	1,159,533	1,213,756	1,213,762
Central services		284,717	306,444	334,668	295,152	285,873	301,283	295,154	279,451	286,132
Plant operations and maintenance	1,582,542	1,779,069	2,009,566	2,083,627	1,672,971	1,504,066	1,703,157	1,833,604	1,825,043	1,976,080
Grounds					72,793	76,740				
Pupil transportation	316,904	308,470	299,661	376,355	424,838	464,048	501,909	537,632	529,031	498,680
Employee benefits	5,003,638	5,437,046	5,543,213	4,563,111	5,061,205	5,139,937	5,693,846	5,991,723	5,838,721	6,074,853
Capital outlay	1,953,619	2,721,722	307,620	415,023	1,713,836	171,671	222,772	241,868	658,602	285,344
Debt service:										
Principal	664,000	450,000	475,000	430,000	580,000	695,000	730,000	770,000	780,000	790,000
Interest and other charges	285,490	470,910	441,775	418,975	403,742	462,754	426,237	399,172	370,607	335,192
<b>Total expenditures</b>	<b>24,092,005</b>	<b>25,590,681</b>	<b>24,084,085</b>	<b>24,018,750</b>	<b>26,172,068</b>	<b>24,069,004</b>	<b>25,139,442</b>	<b>26,267,306</b>	<b>26,720,242</b>	<b>26,772,945</b>
<b>Excess (deficiency of revenues over (under) expenditures</b>	<b>(1,691,275)</b>	<b>(1,508,567)</b>	<b>256,235</b>	<b>(899,584)</b>	<b>(1,837,571)</b>	<b>592,306</b>	<b>140,474</b>	<b>1,424</b>	<b>(399,344)</b>	<b>109,987</b>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OTHER FINANCING SOURCES (USES):										
Proceeds from bonds	4,229,000				2,095,000					
Capital leases (non-budgeted)	123,190	128,787	100,000	202,616	105,000	42,270	105,000	102,679	105,932	138,243
Other financing sources						298,031				
Accrued interest on bonds issued	7,536									
Transfers out (food service)	(124,000)	(123,681)	(84,238)	(90,000)	(85,000)	(80,000)	(80,000)	(75,000)	(70,000)	(90,000)
Transfers in						88,695				
Total other financing sources (uses)	<u>4,235,726</u>	<u>5,106</u>	<u>15,762</u>	<u>112,616</u>	<u>2,115,000</u>	<u>348,996</u>	<u>25,000</u>	<u>27,679</u>	<u>35,932</u>	<u>48,243</u>
Net change in fund balance	<u>\$ 2,544,450</u>	<u>\$ (1,503,461)</u>	<u>\$ 271,997</u>	<u>\$ (786,968)</u>	<u>\$ 277,429</u>	<u>\$ 941,302</u>	<u>\$ 165,474</u>	<u>\$ 29,103</u>	<u>\$ (363,412)</u>	<u>\$ 158,230</u>
Debt service as a percentage of noncapital expenditures	4.29%	4.03%	3.86%	3.60%	4.02%	4.84%	4.64%	4.49%	4.41%	4.25%
Source District records										

BOROUGH OF PITMAN SCHOOL DISTRICT  
 General Fund Other Local Revenue by Source  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Prior Year Refunds	Gate Receipts	Rentals	SREC'S	Sales & Rebates	Miscellaneous	Annual Totals
2006		\$ 16,759	\$ 19,985		\$ 5,268	\$ 7,690	\$ 49,702
2007		17,491	3,213		1,094	26,352	48,150
2008		11,802	18,567			2,089	32,458
2009		15,407	3,662			1,988	21,057
2010	\$ 9,018	15,293	25,225			8,577	58,113
2011	118,236	16,056	14,389	\$ 186,066			334,747
2012	62,261	16,038	14,035	70,491		1,698	164,523
2013	21,848	21,251	14,059	30,492		1,211	88,861
2014		17,279	12,915	43,914		3,645	77,753
2015	1,670	12,031	12,463	51,660		1,842	79,666
	<u>\$ 213,033</u>	<u>\$ 159,407</u>	<u>\$ 138,513</u>	<u>\$ 382,623</u>	<u>\$ 6,362</u>	<u>\$ 55,092</u>	<u>\$ 955,030</u>

Source: District records

BOROUGH OF PITMAN SCHOOL DISTRICT  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2006	\$ 2,126,200	\$ 323,131,100	\$ 189,700	\$ 10,100	\$ 24,314,500	\$ 22,074,500	\$ 8,501,800	\$ 380,347,900	\$ 397,696	\$ 380,745,596	\$ 584,187,789	2.628
2007	2,004,500	323,975,700	189,700	10,100	24,195,400	22,074,500	8,501,800	380,951,700	359,718	381,311,418	665,886,208	2.767
2008	1,920,000	325,903,100	189,700	10,100	24,051,100	22,074,500	8,165,500	382,314,000	343,357	382,657,357	736,767,130	2.808
2009	1,951,000	327,629,400	189,700	13,000	22,944,400	22,074,500	8,165,500	382,967,500	362,196	383,329,696	763,260,720	2.893
2010	1,867,500	328,242,800	189,700	13,000	22,736,700	22,074,500	8,165,500	383,289,700	366,154	383,655,854	749,180,506	3.049
2011	1,493,600	328,606,700	189,700	32,200	22,167,000	15,074,500	8,007,000	375,570,700	308,395	375,879,095	730,802,858	3.208
2012	1,578,200	328,466,700	189,700	32,200	22,520,000	15,074,500	8,007,000	375,868,300	392,100	376,260,400	717,252,099	3.289
2013	2,694,200	503,186,700	225,800	13,800	44,362,500	18,289,200	17,451,600	586,223,800	743,943	586,967,743	673,172,118	2.191
2014	2,158,200	502,983,700	225,800	14,100	41,687,600	15,289,200	15,790,300	578,148,900	585,442	578,734,342	624,599,842	2.259
2015	1,973,300	503,624,700	225,800	14,300	40,188,500	10,678,800	15,790,300	572,495,700	603,264	573,098,964	600,466,502	2.316

Source: County Tax Assessor

(\*\*) - Tax exempt property is not included in calculation.

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Direct and Overlapping Property Tax Rates  
 Per \$100 of Assessed Valuation  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Borough of Pitman School District Direct Rate			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Borough of Pitman	Gloucester County	
2006	2.291	0.138	2.429	0.771	0.717	3.917
2007	2.490	0.138	2.628	0.777	0.749	4.154
2008	2.642	0.125	2.767	0.842	0.866	4.475
2009	2.703	0.105	2.808	1.014	0.907	4.729
2010	2.789	0.104	2.893	1.132	0.963	4.988
2011	2.935	0.114	3.049	1.205	1.060	5.314
2012	3.029	0.179	3.208	1.240	1.015	5.463
2013	3.130	0.159	3.289	1.274	1.075	5.638
2014	2.073	0.118	2.191	0.914	0.693	3.798
2015	2.142	0.117	2.259	0.962	0.664	3.885

Source: Municipal Tax Collector

BOROUGH OF PITMAN SCHOOL DISTRICT  
Principal Property Taxpayers  
Current and Nine Years Ago  
Unaudited

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
Sony Music			\$ 18,000,000	4.73%
Lake Front LLC	\$ 7,369,200	1.29%	2,372,400	0.62%
400 N Woodbury Road LLC	5,000,000	0.87%		
Lake Front LLC Suite 314	3,055,400	0.53%	1,509,300	0.40%
Taxpayer #1	2,800,000	0.49%	1,793,800	0.47%
Taxpayer #2			1,700,200	0.45%
Comet Tool Company	2,047,000	0.36%	1,303,100	0.34%
Taxpayer #3	1,927,000	0.34%	977,600	0.26%
LCR Leasing Corp.	1,648,100	0.29%	876,000	0.23%
Commerce Bank			827,000	0.22%
Lake Front LLC			825,300	0.22%
Taxpayer #4	1,335,200	0.23%		
Taxpayer #5	1,303,700	0.23%		
Taxpayer #6	1,188,000	0.21%		
	<u>\$ 27,673,600</u>	<u>4.83%</u>	<u>\$ 30,184,700</u>	<u>7.93%</u>

Source: Municipal Tax Assessor

BOROUGH OF PITMAN SCHOOL DISTRICT  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year		Collections in Subsequent Year
		Amount	Percent of Levy	
2006	\$ 7,434,066	\$ 7,434,066	100.00%	
2007	8,461,158	8,461,158	100.00%	
2008	9,044,961	9,044,961	100.00%	
2009	8,883,262	8,883,262	100.00%	
2010	9,531,498	9,531,498	100.00%	
2011	10,478,012	10,478,012	100.00%	
2012	10,619,313	10,619,313	100.00%	
2013	12,033,606	12,033,606	100.00%	
2014	12,996,514	12,996,514	100.00%	
2015	13,157,865	13,157,865	100.00%	

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

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activates		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases			
2006	\$ 11,259,000		\$ 138,671			\$ 11,397,671	3.48%	1,223
2007	10,809,000		135,116			10,944,116	3.17%	1,169
2008	10,334,000		125,349			10,459,349	2.91%	1,119
2009	9,904,000		182,621			10,086,621	2.68%	1,074
2010	11,419,000		142,658			11,561,658	3.07%	1,268
2011	10,724,000		77,454			10,801,454	2.90%	1,194
2012	9,994,000		98,621			10,092,621	2.58%	1,116
2013	9,224,000		117,214			9,341,214	2.33%	1,033
2014	8,444,000		103,977			8,547,977	2.12%	949
2015	7,654,000		126,382			7,780,382	*	*

Source: District records

(\*) - Not available

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions			
2006	\$ 11,259,000		\$ 11,259,000	2.96%	1,221
2007	10,809,000		10,809,000	2.84%	1,174
2008	10,334,000		10,334,000	2.70%	1,118
2009	9,904,000		9,904,000	2.59%	1,073
2010	11,419,000		11,419,000	2.98%	1,238
2011	10,724,000		10,724,000	2.86%	1,191
2012	9,994,000		9,994,000	2.66%	1,112
2013	9,224,000		9,224,000	1.57%	1,030
2014	8,444,000		8,444,000	1.46%	945
2015	7,654,000		7,654,000	1.34%	*

Source: District records

(\*) - Not available

BOROUGH OF PITMAN SCHOOL DISTRICT  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2015  
Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Borough of Pitman (1)	\$ 13,924,017	100.00%	\$ 13,924,017
County of Gloucester (2)	247,990,608	2.35%	5,836,529
Subtotal, overlapping debt			19,760,546
Borough of Pitman School District			7,654,000
Total direct and overlapping debt			<u>\$ 27,414,546</u>

## Sources:

- (1) Borough of Pitman annual debt statement
- (2) Gloucester County - The County's debt was apportioned to the Borough of Pitman by dividing the Borough's taxable assessed property values by the total taxable assessed property values for Gloucester County, which results in an apportionment rate of 2.35%\*.

\* The source for this computation was the Abstract of Ratables.

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

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 Unaudited

Year	Equalized Valuation Basis
2014	\$ 602,426,696
2013	629,062,990
2012	667,854,122
	<u>\$ 1,899,343,808</u>

Average equalized valuation of taxable property	\$ 633,114,603
Debt limit (4% of average equalized value)	25,324,584
Total net debt applicable to limit	<u>7,654,000</u>
Legal debt margin	<u>\$ 17,670,584</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 20,408,350	\$ 23,243,325	\$ 26,229,636	\$ 28,626,818	\$ 29,735,955	\$ 29,890,262	\$ 29,291,062	\$ 28,280,767	\$ 26,787,126	\$ 25,324,584
Municipal borrowing capacity utilized										
Total net debt applicable to limit	<u>11,259,000</u>	<u>10,809,000</u>	<u>10,334,000</u>	<u>9,904,000</u>	<u>11,419,000</u>	<u>10,724,000</u>	<u>9,994,000</u>	<u>9,224,000</u>	<u>8,444,000</u>	<u>7,654,000</u>
Legal debt margin	<u>\$ 9,149,350</u>	<u>\$ 12,434,325</u>	<u>\$ 15,895,636</u>	<u>\$ 18,722,818</u>	<u>\$ 18,316,955</u>	<u>\$ 19,166,262</u>	<u>\$ 19,297,062</u>	<u>\$ 19,056,767</u>	<u>\$ 18,343,126</u>	<u>\$ 17,670,584</u>
Total net debt applicable to the limit as a percentage of debt limit	55.17%	46.50%	39.40%	34.60%	38.40%	35.88%	34.12%	32.62%	31.52%	30.22%

Source: Gloucester County Board of Taxation and District records.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2006	9,219	\$ 327,717,012	35,548	4.30%
2007	9,209	344,821,796	37,444	4.60%
2008	9,244	359,194,108	38,857	7.50%
2009	9,234	375,731,460	40,690	11.00%
2010	9,223	376,768,773	40,851	11.70%
2011	9,004	372,864,644	41,411	11.40%
2012	8,985	390,739,680	43,488	11.70%
2013	8,952	401,345,016	44,833	6.80%
2014	8,932	403,449,508	45,169	6.20%
2015	8,895	401,778,255	45,169	*

Source: Population and unemployment data provided by the NJ Department of Labor and Workforce Development.

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

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

(\*) - Not available

BOROUGH OF PITMAN SCHOOL DISTRICT  
Principal Employers  
Current and Nine Years Ago  
Unaudited

Employer	2015			2006		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Pitman Warehousing	200	1	0.13%			
Pitman Manor	200	2	0.13%			
Campbell's Express	145	3	0.10%			
K-Tron America Inc.	115	4	0.08%			
American Nephrology Nurses	100-249	5	0.07%			
Jannetti Publications Inc.	75	6	0.05%			
JG Cook's Carolina Blue	70	7	0.05%			
Comet Tool Company	60	8	0.04%			
Pitman Animal Hospital	40	9	0.00%			
Ronald Mark Association Inc.	28	10	0.02%			
	<u>933</u>		<u>0.67%</u>	<u>N/A</u>		<u>N/A</u>

Source: County Office

N/A - Information is not available

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction:										
Regular	110.2	108.2	116.0	102.0	106.0	100.2	101.0	103.3	104.7	101.8
Special education	27.0	27.5	40.0	66.0	52.5	59.2	66.4	71.0	71.1	70.6
Support services:										
Student & instruction related services	24.4	26.4	29.5	45.5	31.9	34.0	34.6	34.3	31.1	33.8
School administrative services	21.4	21.4	25.0	19.0	17.0	14.5	14.7	16.6	17.4	18.4
Central services	7.0	7.0	7.0	4.0	8.5	5.7	5.7	3.7	3.7	3.7
Plants operations & maintenance	20.0	20.0	20.2	23.0	24.0	19.3	19.1	19.8	19.9	19.9
Other support services	3.0	3.0	3.7	3.0	3.0					
Food service	13.5	13.5	13.5	8.0	7.0	7.0	7.0	7.0	7.0	7.0
Total	<u>226.5</u>	<u>227.0</u>	<u>254.9</u>	<u>270.5</u>	<u>249.9</u>	<u>239.9</u>	<u>249</u>	<u>256</u>	<u>255</u>	<u>255.2</u>

Source: District Personnel Records

BOROUGH OF PITMAN SCHOOL DISTRICT  
Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2006	1,622	\$ 21,188,896	\$ 13,063	29.35%	139.2	8.30	9.20	10.40	1,576.6	1,495.7	1.90%	94.87%
2007	1,617	21,948,049	13,573	3.90%	138.2	10.30	10.10	10.50	1,603.5	1,505.7	1.71%	93.90%
2008	1,609	22,859,691	14,207	4.67%	137.2	9.87	10.70	9.70	1,524.5	1,449.2	-4.93%	95.06%
2009	1,631	22,754,752	13,951	-1.80%	135.7	9.57	9.80	9.20	1,524.5	1,449.2	0.00%	95.06%
2010	1,559	23,474,490	15,057	7.93%	164.0	10.47	10.00	9.60	1,515.9	1,434.4	-0.56%	94.62%
2011	1,567	22,739,579	14,512	-3.63%	158.5	11.30	10.50	9.70	1,543.2	1,456.3	1.80%	94.37%
2012	1,565	23,760,433	15,182	4.62%	167.4	*	*	*	1,525.0	1,450.7	-1.18%	95.13%
2013	1,513	24,856,266	16,428	8.21%	101.8	10.28	11.40	11.29	1,505.1	1,439.2	-1.30%	95.62%
2014	1,505	24,911,033	16,552	0.75%	164.9	9.12	9.17	9.63	1,447.4	1,391.3	-3.84%	96.13%
2015	1,461	25,362,409	17,360	4.88%	161.1	9.04	8.35	9.52	1,405.8	1,349.8	-2.87%	96.02%

Source: District records

Note: Enrollment based on annual October District count.

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

Teaching staff includes only full-time equivalents of certificated staff.

Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

(\*) - Information not available

BOROUGH OF PITMAN SCHOOL DISTRICT  
 School Building Information  
 Last Ten Fiscal Years  
 Unaudited

District Building	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Elementary</u>										
Memorial School - 1962										
Square feet	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717
Capacity (students)	309	309	309	309	309	309	309	309	309	309
Enrollment	261	286	286	269	289	267	254	251	230	221
Kindle School - 1926										
Square feet	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977
Capacity (students)	217	217	217	217	217	217	217	217	217	217
Enrollment	210	192	192	253	224	230	207	205	211	205
W.C.K. Walls School - 1926										
Square feet	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902
Capacity (students)	274	274	274	274	274	274	274	274	274	274
Enrollment	255	257	257	252	246	248	243	247	238	236
<u>Middle School</u>										
Pitman Middle School - 1922										
Square feet	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684
Capacity (students)	381	381	381	381	381	381	381	381	381	381
Enrollment	356	363	363	404	362	379	383	349	359	350
<u>High School</u>										
Pitman High School - 1971										
Square feet	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415
Capacity (students)	556	556	556	556	556	556	556	556	556	556
Enrollment	494	498	498	529	443	435	443	456	436	436

Number of Schools at June 30, 2015

    Elementary = 3

    Middle School = 1

    Senior High School = 1

Source: District Facilities Office. Enrollment is based on June student counts.

BOROUGH OF PITMAN SCHOOL DISTRICT  
 General Fund  
 Schedule of Required Maintenance Expenditures by School Facility  
 For the Fiscal Year Ended June 30, 2015

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

\* School Facilities

Project # (s)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Memorial	\$ 4,884	\$ 4,550	\$ 23,981	\$ 3,107	\$ 23,453	\$ 3,412	\$ 38,898	\$ 6,369	\$ 16,493	\$ 38,508	\$ 163,655
Kindle	19,901	6,390	28,197	22,530	5,795	6,041	59,916	13,930	19,909	54,747	237,356
Walls	13,323	13,146	20,386	6,940	5,465	8,668	78,238	19,948	11,813	16,393	194,320
Middle	12,773	24,861	15,610	33,352	9,947	18,300	88,492	36,477	70,458	38,563	348,833
High School	37,073	33,519	50,552	41,894	28,999	60,027	56,838	260,167	131,443	295,446	995,958
<b>Total School Facilities</b>	<b>\$ 87,954</b>	<b>\$ 82,466</b>	<b>\$ 138,726</b>	<b>\$ 107,823</b>	<b>\$ 73,659</b>	<b>\$ 96,448</b>	<b>\$ 322,382</b>	<b>\$ 336,891</b>	<b>\$ 250,116</b>	<b>\$ 443,657</b>	<b>\$ 1,940,122</b>

\* School facilities as defined under EFCFA.  
 (NJAC 6A:26-1.2 and NJAC 6A:26-1.3)

Source: District records

BOROUGH OF PITMAN SCHOOL DISTRICT  
Insurance Schedule  
June 30, 2015  
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property and Automobile Physical Damages	\$ 150,000,000	
Boiler and Machinery	125,000,000	\$ 1,000
Crime	500,000	500
General and Automobile Liability	15,000,000	None
Workers' Compensation	Statutory	None
Educator's Legal Liability	15,000,000	None
Pollution Legal Liability	3,000,000	25,000
Cyber Liability	1,000,000	25,000
Student Accident Insurance (2)		
Accident Medical Expense	1,000,000	
Surety Bonds (3)		
Board Secretary/Business Administrator - Deborah J. Roncace	250,000	

- (1) Atlantic & Cape May Counties Association of School Business Officials Joint Insurance Fund
- (2) National Union Fire Insurance Company
- (3) Massachusetts Bay Insurance Company

Source: District records

**SINGLE AUDIT SECTION**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

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

### Independent Auditor's Report

Honorable President and  
Members of the Board of Education  
Borough of Pitman School District  
420 Hudson Avenue  
Pitman, New Jersey 08071

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Pitman School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Borough of Pitman School District's basic financial statements, and have issued our report thereon dated November 25, 2015.

#### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Borough of Pitman School District's 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 Borough of Pitman School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies 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 Pitman School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542

November 25, 2015

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL  
ASSISTANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB  
04-04 AND/OR 15-08**

## **Independent Auditor's Report**

The Honorable President and  
Members of the Board of Education  
Borough of Pitman School District  
420 Hudson Avenue  
Pitman, New Jersey 08071

### ***Report on Compliance for Each Major Federal and State Program***

We have audited the Borough of Pitman School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Pitman School District's major Federal and State programs for the year ended June 30, 2015. The Borough of Pitman 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 Borough of Pitman 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the New Jersey State Aid/Grant Compliance Supplement, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB Circulars 04-04 and/or 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB Circulars 04-04 and/or 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal and State program occurred. An audit includes examining, on a test basis,

evidence about the Borough of Pitman School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal and State Programs***

In our opinion, the Borough of Pitman School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major Federal and State programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circulars 04-04 and/or 15-08; which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003, and 2015-004. Our opinion on each major federal and state program is not modified with respect to these matters.

The Borough of Pitman School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The 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 Pitman School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Pitman School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal and 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 and State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, and New Jersey OMB Circulars 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Pitman 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 and 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 and 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 and 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003, and 2015-004, that we consider to be a significant deficiencies.

The Borough of Pitman School District's response to the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and recommendations. The 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.

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 New Jersey OMB Circulars 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

***Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB Circulars 04-04 and/or 15-08***

We have audited the financial statements Borough of Pitman School District as of and for the year ended June 30, 2015, and have issued our report thereon dated November 25, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ OMB Circulars 04-04 and/or 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542

November 25, 2015

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

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior Years' Balances	Balance at June 30, 2015			MEMO Cumulative Total Expenditures
				From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education:															
General Fund:															
ARRA - Medical Assistance Program	93.778	N/A	\$ 11,322	10/01/08	12/31/10			\$ 11,322	\$ (11,322)						\$ 11,322
Medical Assistance Program	93.778	N/A	51,836	07/1/14	06/30/15			51,836	(51,836)						51,836
Total General Fund								63,158	(63,158)						63,158
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I - Part A	84.010	NCLB414015	157,785	07/1/14	06/30/15			157,785	(157,785)						157,785
Title II A, Teacher & Principal Training	84.367	NCLB414015	55,745	07/1/14	06/30/15			55,745	(55,745)						55,745
IDEA Part B, Basic Regular	84.027A	IDEA414015	380,438	07/1/14	06/30/15			380,438	(380,438)						380,438
IDEA Part B, Preschool	84.173	IDEA414015	14,013	07/1/14	06/30/15			14,013	(14,013)						14,013
IDEA Part B, Preschool	84.173	IDEA414014	14,049	07/1/13	06/30/14	\$ (14,049)		14,049							14,049
Total Special Revenue Fund						(14,049)		622,030	(607,981)						622,030
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550		20,033	07/1/14	06/30/15			20,033	(15,289)	\$ (4,419)		\$ 325			15,289
Food Distribution Program	10.550		21,204	07/1/13	06/30/14	2,782			(2,782)						21,204
School Breakfast Program	10.553		15,125	07/1/14	06/30/15			14,088	(15,125)		\$ (1,037)				15,125
School Breakfast Program	10.553		10,207	07/1/13	06/30/14	(926)		926							10,207
National School Lunch Program	10.555		114,204	07/1/14	06/30/15			107,268	(114,204)			(6,936)			114,204
National School Lunch Program	10.555		121,830	07/1/13	06/30/14	(9,080)		9,080							121,830
Special Milk Program	10.556		1,688	07/1/14	06/30/15			1,565	(1,688)			(123)			1,688
Special Milk Program	10.556		1,949	07/1/13	06/30/14	(161)		161							1,949
Total Enterprise Fund						(7,385)		153,121	(149,088)	(4,419)		(8,096)	325		301,496
Total Federal Financial Awards						\$ (21,434)		\$ 838,309	\$ (820,227)	\$ (4,419)		\$ (8,096)	\$ 325		\$ 986,684

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

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

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2014				Adjustments/ Repayment of Prior Year's Expenditures	Balance at June 30, 2015			MEMO		
					Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Transportation Aid	15-495-034-5120-014	\$ 149,546	07/1/14 - 06/30/15				\$ 149,546	\$ (149,546)					\$ 14,454	\$ 149,546	
State Aid Public															
Equalization Aid	15-495-034-5120-078	7,077,074	07/1/14 - 06/30/15				7,077,074	(7,077,074)					684,019	7,077,074	
Special Education Categorical Aid	15-495-034-5120-089	792,393	07/1/14 - 06/30/15				792,393	(792,393)					76,587	792,393	
Security Aid	15-495-034-5120-084	135,567	07/1/14 - 06/30/15				135,567	(135,567)					13,103	135,567	
Adjustment Aid	15-495-034-5120-085	1,645,845	07/1/14 - 06/30/15				1,645,845	(1,645,845)					159,076	1,645,845	
PARCC Readiness Aid	15-495-034-5120-098	13,720	07/1/14 - 06/30/15				13,720	(13,720)					1,326	13,720	
Per Pupil Growth Aid	15-495-034-5120-097	13,720	07/1/14 - 06/30/15				13,720	(13,720)					1,326	13,720	
Extraordinary Aid	15-100-034-5120-473	52,374	07/1/14 - 06/30/15					(52,374)		\$ (52,374)				52,374	
Extraordinary Aid	14-495-034-5120-473	79,870	07/1/13 - 06/30/14			\$ (79,045)	79,870	(825)						79,870	
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	848,420	07/1/14 - 06/30/15				808,749	(848,420)			(39,671)			848,420	
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	839,330	07/1/13 - 06/30/14			(77,636)	77,636							839,330	
On-Behalf TPAF Pension	15-495-034-5094-006	623,567	07/1/14 - 06/30/15				623,567	(623,567)						623,567	
On-Behalf TPAF Post Retirement Medical	15-495-034-5094-001	989,913	07/1/14 - 06/30/15				989,913	(989,913)						989,913	
Total General Fund						(156,681)	12,407,600	(12,342,964)		(92,045)			949,891	13,261,339	
Debt Service Fund:															
Debt Service Aid Type II	15-495-034-5120-017	464,354	07/1/14 - 06/30/15				464,354	(464,354)						464,354	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	15-100-010-3350-023	3,406	07/1/14 - 06/30/15				3,107	(3,406)			(299)			3,406	
National School Lunch Program (State Share)	14-100-010-3350-023	3,685	07/1/13 - 06/30/14			(276)	276							3,685	
Total Enterprise Fund						(276)	3,383	(3,406)		(299)				7,091	
Total State Financial Assistance						\$ (156,957)	\$ 12,875,337	\$ (12,810,724)		\$ (92,344)			\$ 949,891	\$ 13,732,784	

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF  
AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2015

**NOTE 1: GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include Federal and State activity of the Board of Education, Borough of Pitman School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All Federal and State Awards received directly from Federal and State agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circulars 04-04 and/or 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44-2. For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the June state aid payments in the current budget year, consistent with NJSA 18A:22-4-2.

BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF  
AWARDS FINANCIAL ASSISTANCE  
JUNE 30, 2015

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$12,939) for the General Fund and \$0 for the Special Revenue Fund. See Note A (the 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. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 63,158	\$ 12,330,625	\$ 12,393,783
Special Revenue Fund	607,981		607,981
Debt Service Fund		464,354	464,354
Food Service Fund	151,050	3,406	154,456
Total Financial Assistance	<u>\$ 822,189</u>	<u>\$ 12,798,385</u>	<u>\$ 13,620,574</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: FOOD DISTRIBUTION PROGRAM**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2015, Borough of Pitman School District has food commodities totaling \$325 in inventory.

**NOTE 6: OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

**NOTE 7: ADJUSTMENTS**

The amounts reported as adjustments on Schedule A are the result of an inventory loss.

BOROUGH OF PITMAN SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified?        Yes   X   No

2. Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None reported

Noncompliance material to basic financial statements noted?        Yes   X   No

**Federal Awards**

Internal control over major programs:

1. Material weakness(es) identified?        Yes   X   No

2. Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   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 Circular A-133?        Yes   X   No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education Cluster (IDEA)
84.173	IDEA Basic
	IDEA Preschool

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?        Yes   X   No

BOROUGH OF PITMAN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Section I – Summary of Auditor’s Results (Continued)**

**State Awards**

Dollar threshold used to distinguish between type A and type B programs: \$384,322

Auditee qualified as low-risk auditee?  X  Yes   No

Internal control over major programs:

1. Material weakness(es) identified?   Yes  X  No
2. Significant deficiencies identified that are not considered to be material weaknesses?  X  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 NJ OMB Circulars 04-04 and/or 15-08?  X  Yes   No

Identification of major programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	State Aid Public:
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-085	Adjustment Aid
495-034-5120-084	Security Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-014	Transportation Aid
495-034-5120-017	Debt Service Aid

**Section II – Financial Statement Findings**

No matters reported.

**FEDERAL AWARDS**

No matters reported.

BOROUGH OF PITMAN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**STATE AWARDS**

Finding 2015-001  
Significant deficiency

State Aid Public, Award 7/1/2014 – 6/30/2015

Criteria - Purchases made under National Cooperative Contracts application, P.L. 2011, c.139 require compliance with procurement laws and regulations when the aggregate value of the goods or services (see N.J.A.C. 5:34-8.2) exceeds the contracting unit's bid threshold.

Condition - The district purchased 423 computers from a vendor approved as a national cooperative contract, at a cost of \$175,081. However, no board approval was obtained, no documentation of the cost savings determination was made, nor did the contracting unit provide public notice to current contract holders and prospective bidders of their decision to utilize a national cooperative purchasing agreement that would otherwise require public bidding as required by P.L. 2011, c.139.

Questioned Cost - \$175,081.

Effect - Noncompliance with Public School Contracts Law.

Cause - The Business Office was not aware of the compliance requirements for purchases made under a National Cooperative Contracts.

Recommendation - The school district adopt internal control procedures over procurement and purchasing through a national cooperative contract to ensure documentation of compliance with P.L. 2011, c.139.

View of responsible officials - The Business Office agrees with this finding and will develop procedures to ensure compliance with P.L. 2011, c.139.

BOROUGH OF PITMAN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Section III – Federal and State Financial Assistance  
Findings and Questioned Costs (Continued)**

**STATE AWARDS**

**Finding 2015-002**

Criteria - NJSA 18A:18A-37 requires the solicitation of quotes when the cost of an item is less than the bid threshold (\$36,000 for the year under audit), but in excess of 15 percent of the threshold.

Condition - The district purchased computer lab management services for \$6,400. There was no documentation that quotes were solicited.

Questioned Cost - \$6,400.

Effect – Noncompliance with NJSA 18A:18A-37.

Cause - The Business Office has been utilizing this vendor and did not request formal quotations from other vendors.

Recommendation - The Business Administrator solicit and document that at least two competitive quotations were obtained when the cost of an item is less than the bid threshold (\$36,000 for the year under audit), but in excess of 15 percent of the threshold as required by NJSA 18A:18A-37.

View of responsible officials - The Business Office agrees with this finding and will request formal quotations in the future.

**Finding 2015-003**

Criteria - NJAC 6A:27-9.13 requires the approval of the Executive County Superintendent for transportation service contracts and renewals thereof.

Condition - The district purchased transportation services for athletic activities. There was no contract on file for the service. The Executive County Superintendent's approval was not obtained for the renewal.

Questioned costs - \$60,000.

Effect - Noncompliance with NJAC 6A:27-9.13.

BOROUGH OF PITMAN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Section III – Federal and State Financial Assistance  
Findings and Questioned Costs (Continued)**

**STATE AWARDS**

Cause - The Business Office could not produce a contract for the service and was not aware that the contract needed approval from the Executive County Superintendent.

Recommendation - Transportation contracts be on file and approved by the Executive County Superintendent.

View of responsible officials - The Business Office agrees with this finding and will obtain Executive County Superintendent approval for contracts.

**Finding 2015-004**

Criteria - NJSA 18A:11-12(f) allows the board to authorize in its travel policy an annual maximum per employee and NJSA18A:11-12(o)1, provides for reimbursement of reasonable travel costs, not to exceed the federal per diem rates as established.

Condition - Payments to an employee for travel exceed the federal per diem rates and maximum per employee as established by the school board.

Questioned Cost - \$3444.

Effect - Noncompliance with - NJSA 18A:11-12(f) and NJSA18A:11-12(o)1.

Cause - The Board Office does not have the appropriate oversight for the employee travel expenditures.

Recommendation - The Board Office establish procedures to appropriately monitor travel expenditures by employee and compare costs to the federal per diem rates.

BOROUGH OF PITMAN SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Finding 2014-001**

The student charged to the IDEA Preschool grant does not meet the age requirement.

Current status: Corrective action taken.