

**PENNSVILLE TOWNSHIP  
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

of the

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

**For the Fiscal Year Ended June 30, 2016**

Prepared by  
Pennsville Township Board of Education  
Finance Department

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OF THE TOWNSHIP OF PENNSVILLE SCHOOL DISTRICT  
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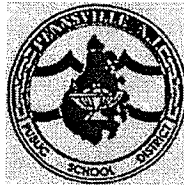
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## **INTRODUCTORY SECTION**



**PENNSVILLE PUBLIC SCHOOL DISTRICT**  
**Business Administration Building**  
**30 Church Street**  
**Pennsville, NJ 08070-2199**

Dr. Michael Brodzik, Superintendent  
Richard Davidson, Board Secretary/  
Business Administrator  
rdavidson@psdnet.org

Telephone (856) 540-6200  
Fax (856) 678-7565  
(856) 678-2620  
Website www.psdnet.org

November 23, 2016

Honorable President and Members  
of the Board of Education  
Pennsville Township School District  
30 Church Street  
Pennsville, N.J. 08070-2199

Dear Board Members:

The comprehensive annual financial report of the Pennsville Township School District (District) for the fiscal year ended June 30, 2016, 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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Awards, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:**

Pennsville Township School District is an independent reporting entity within the criteria adopted by the GASB Statement No. 14. All funds and account groups of the District are included in this report. The Pennsville Township Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 1,789 students, which is a decrease from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

**Average Daily Enrollment**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	1,789	(.05%)
2014-15	1,790	(3.56%)
2013-14	1,856	(2.92%)
2012-13	1,912	2.09%
2011-12	1,953	4.83%

**2. MAJOR INITIATIVES:**

**Google Classroom Grades 2-12**

Technology has become an essential part of education in general and specifically here at Pennsville School District. To be able to live, learn, and work successfully in our information-rich society, students must be able to utilize technology efficiently and effectively. Many students' lives today are filled with technology that gives them ubiquitous access to information and resources, enabling them to pursue their interests in their own way and at their own pace. It is incumbent on us to help facilitate their learning and increase their exposure to various legitimate resources. The opportunities are limitless, borderless, and instantaneous. With digital learning, every student can access high quality, rigorous instruction, thereby maximizing their opportunity for success in school and beyond. In the past, use of computing devices not owned by the school district has been forbidden during the school day. Many students own mobile computing devices and frequently using these devices for their school work while at home. The district has recognized the need to afford students the opportunity to utilize their own technology in a more seamless and effective way at school and at home. In an effort to put students at the center and empower them to take control of their own learning, the Pennsville School District is implementing an option that would allow students to use personal technology devices for educational use while at school and at home.

- We are looking to:
- Bridge the gap between school and home in order to promote 24/7 learning.
- Meet students and teachers "where they are" by leveraging devices with which they are already familiar (iOS devices, Android devices, Chromebooks, iPads, etc.)
- Proactively teach students how to use their devices appropriately and get the most out of them, rather than banning the devices out of fear.



## **2. MAJOR INITIATIVES Continued:**

### Standards Based Grading grades 2-3

- Grades should have meaning. We need to effectively measure student learning. The way we assess students is a meaningful component of school that we have the power to control. Standards-based grading reduces meaningless paperwork and allows for feedback on select assignments and ongoing use of formative assessments
- It helps teachers to adjust instruction and identifies specific areas of strength and weakness. SBG shows teachers what quality looks like. In the real world, everything is a performance assessment. We need to help students understand the idea of quality. SBG is a launchpad for curricular and instructional improvements and helps to focus on curriculum needs; naturally addresses interventions.

## **3. INTERNAL ACCOUNTING CONTROLS:**

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

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

As part of the District's single audit described earlier, tests are being 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.

## **4. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

## **5. ACCOUNTING SYSTEM AND REPORTS:**

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

## **6. MANAGEMENT'S DISCUSSION AND ANALYSIS:**

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

## **7. CASH MANAGEMENT:**

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

## **8. RISK MANAGEMENT:**

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

## **10. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

**11. ACKNOWLEDGMENTS:**

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

Respectfully submitted,

*Dr. Michael Brodzik*

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Dr. Michael Brodzik  
Superintendent of Schools

*Richard Davidson*

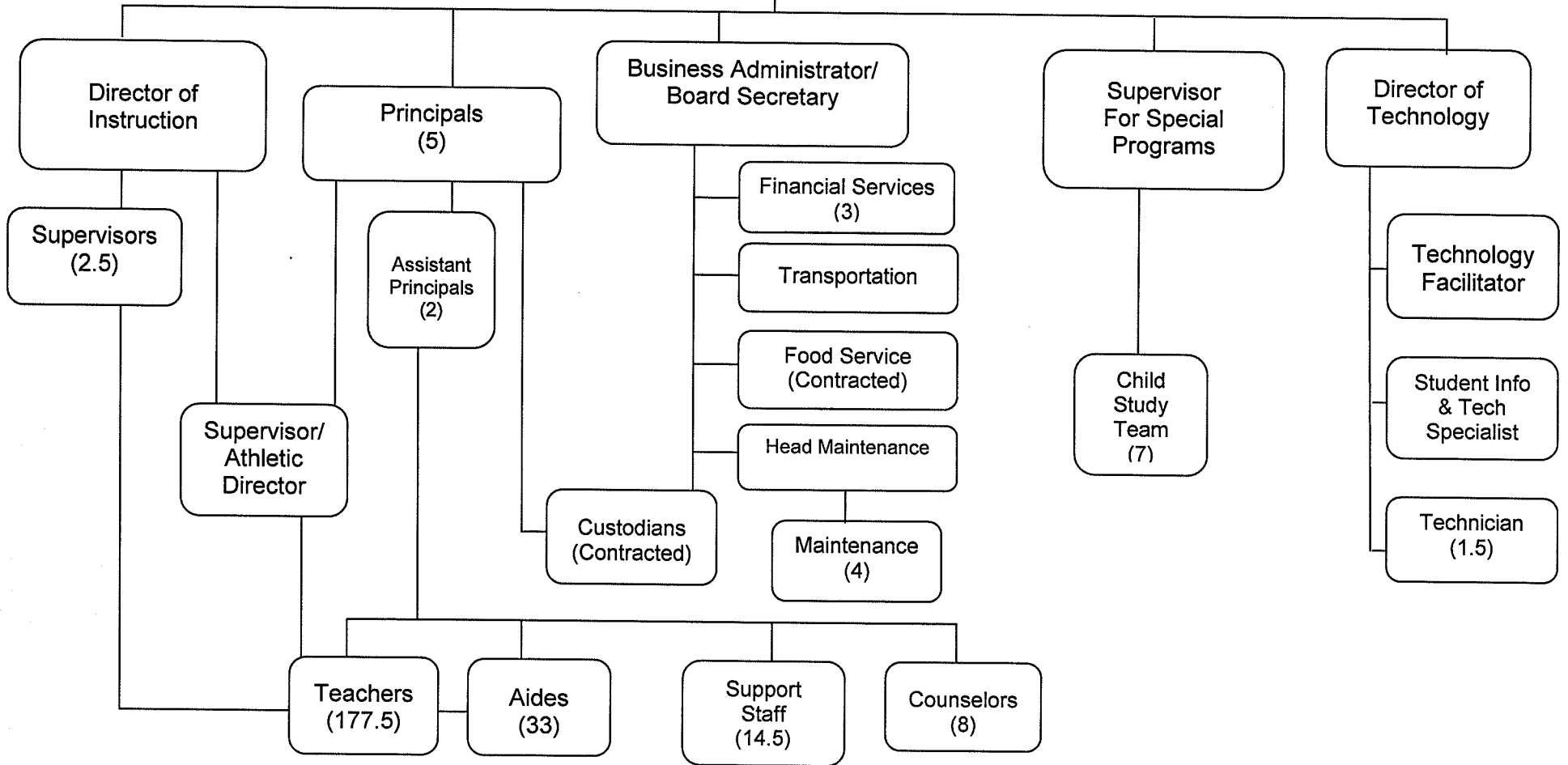
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Richard Davidson  
Board Secretary/  
Business Administrator

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

**BOARD OF EDUCATION**

**SUPERINTENDENT OF SCHOOLS**



**PENNSVILLE TOWNSHIP BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2016**

<b><u>Board Members Name</u></b>	<b><u>Position</u></b>	<b><u>Term Expires</u></b>
Katherine Bodine	President	2016
Jack Nugent	Vice President	2018
Greg Acton		2017
Keith Chambers		2017
Jeffrey Thomas		2018
John Lang		2017
Nancy Phillips		2018
Thomas Hassler		2016
Diana Staffieri-Morris		2016

**Other Officials**

Michael Brodzik, Ed. D., Superintendent of Schools

Richard Davidson, Business Administrator/Board Secretary

John Willadsen, Treasurer of School Moneys

Mark Toscano, Solicitor

**PENNSVILLE TOWNSHIP BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**ENGINEER**

Remington & Vernick  
232 Kings Highway  
Haddonfield, New Jersey 08033

**AUDIT FIRM**

**Raymond Colavita, CPA, RMA, PSA  
Nightlinger, Colavita and Volpa, PA**  
P.O. Box 799  
Williamstown, NJ 08094

**ATTORNEY**

Mark G. Toscano, Esq.  
Comegno Law Group, P.C.  
521 Pleasant Valley Ave  
Morrestown, NJ 08057

**OFFICIAL DEPOSITORIES**

Pennsville National Bank  
170 South Broadway  
PO Box 345  
Pennsville, NJ 08070

**INSURANCE AGENT**

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

## **FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association  
Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

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Fax (856) 728-2245  
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November 23, 2016

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Pennsville Township School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Pennsville Township School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Pennsville Township Board of Education in the County of Salem, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, 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, schedule of the School District's proportionate share of the net pension liability and schedule of the School District's contributions, 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 Pennsville Township Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and is not a required part of the basic 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 basic 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 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 schedule of expenditures of federal awards and state financial assistance 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 them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated November 23, 2016 on our consideration of the Pennsville Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Pennsville Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR JUNE 30, 2016**

(UNAUDITED)

This section of the Pennsville Township School District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments issued in June 1999. Certain comparative information between the current year (2015-15) and the prior year (2013-14) is required to be presented in the MD&A.

### **Financial Highlights**

Key financial highlights for the 2015-16 fiscal year include the following:

- Net position for governmental and business-type activities were \$235,512 and \$20,111, respectively.
- Net position for governmental activities increased by \$1,520,760 and net position for business-type activities decreased by (\$19,199) from July 1, 2015 to June 30, 2016.
- The general fund, fund balance as of June 30, 2016 was \$831,388, a decrease of \$184,513 when compared with the beginning balance as of July 1, 2015 of \$1,015,901.

### **Overview of the Financial Statements**

The financial section of the annual report consists of four parts - Independent Auditor's Report, Required Supplementary Information which includes the Management's Discussion and Analysis (this section), the Basic Financial Statements, and Supplemental 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 operation in more detail than the district-wide statements.
- The governmental funds statements tell us how basic services such as regular and special education were financed in short-term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities that the District operates like businesses.
- 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 to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Table 1 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 the Management's Discussion and Analysis highlights the structure and contents of each of the statements.

**Table 1**  
**Major Features of the District-Wide and Fund Financial Statements**

	<u>District-Wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
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 is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	Statement of net position	Balance sheet	Statement of net position	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures, and changes in fund balances	Statement of revenues, expenses, and changes in fund net position	Statement of changes in fiduciary net position
			Statement of cash flows	
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Assets/ Liability	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 liabilities 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; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during the 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

## District-Wide 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 revenue 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, is a measure of the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- To assess the overall health 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 buildings and other facilities.

In the District-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* - Most of the District's basic services are included here, such as regular and special education, transportation, administration, and maintenance. Aid from the State of New Jersey and from the Federal government along with local property taxes finances most of these activities.
- *Business-type activities* - The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Program is included here.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds - focusing on the 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 uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three 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 to 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, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **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.
- **Fiduciary funds** - The District is the trustee, or fiduciary, for assets that belong to others. 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. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Net position - The District's net position for the fiscal years ended June 30, 2015 and 2016 is reflected in Table 2.

Table 2  
Net Position

	2016			2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>						
Current and Other Assets	\$20,380,115	\$ 41,101	\$ 20,421,216	\$ 1,479,304	\$ 13,187	\$ 1,492,491
Capital Assets, net	8,991,112	20,111	9,011,223	5,497,731	39,310	5,537,041
<b>Total Assets</b>	<b>29,371,227</b>	<b>61,212</b>	<b>29,432,439</b>	<b>6,977,035</b>	<b>52,497</b>	<b>7,029,532</b>
Deferred Outflows of Resource	1,173,010			433,318		
<b>Liabilities:</b>						
Current and Other Liabilities	7,227,753		7,227,753	5,836,288	13,187	5,849,475
<b>Long Term Liabilities:</b>						
Due Within One Year	332,610		332,610	569,314		569,314
Due in more than One Year	22,639,080		22,639,080	1,952,236		1,952,236
<b>Total Liabilities</b>	<b>30,199,443</b>	<b>-</b>	<b>30,199,443</b>	<b>8,357,838</b>	<b>13,187</b>	<b>8,371,025</b>
Deferred Inflows of Resource:	109,282			337,763		
<b>Net Position</b>						
Net Investment in Capital Ass	(12,697,942)	20,111	(12,677,831)	4,202,433	39,310	4,241,743
<b>Restricted for:</b>						
Capital Projects	18,954,570					-
<b>Permanent Endowment:</b>						
Nonexpendable	88,720		88,720	88,706		88,706
Other Purposes	538,797		538,797	753,997		753,997
Unrestricted (Deficit)	(6,648,633)		(6,648,633)	(6,330,384)		(6,330,384)
<b>Total Net Position (Deficit)</b>	<b>\$ 235,512</b>	<b>\$ 20,111</b>	<b>\$(18,698,947)</b>	<b>\$ (1,285,248)</b>	<b>\$ 39,310</b>	<b>\$ (1,245,938)</b>

The District's financial position for governmental and business-type activities is the product of the following factors:

- Program revenues were \$4,180,644 (operating grants and contributions - \$3,246,859 and charges for services \$933,785).
- General revenues, special items, extraordinary items, and transfers amounted to \$34,465,030.
- Net expenditures were \$32,971,681.
- Total District revenues and beginning position are adjusted by net adjusted expenditures resulting in a calculation of net position of \$255,623 as of June 30, 2016.
- Total revenues of \$34,473,242 plus beginning net position of \$(1,245,938) less net expenditures \$32,971,681 equals net position of 255,623.

**Change in Net Position**

Net position for governmental type activities increased and business-type activities increased from June 30, 2015 to June 30, 2016 as reflected in Table 3.

Table 3  
Changes in Net Position  
2016

	2016			2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Program Revenues:</b>						
Charges for Services	\$ 604,953	\$ 328,832	\$ 933,785	\$ 614,946	\$ 345,167	\$ 960,113
Operating Grants and Contrib	2,927,861	318,978	3,246,839	2,879,793	290,717	3,170,510
<b>General Revenues:</b>						
Property Taxes	19,610,791		19,610,791	18,968,608		18,968,608
Grants and Entitlements	14,353,051		14,353,051	8,917,099		8,917,099
Debt Service						-
Other	501,208	8,212	509,420	349,326	17,009	366,335
<b>Total Revenues</b>	<b>\$ 37,997,864</b>	<b>\$ 656,022</b>	<b>\$ 38,653,886</b>	<b>\$ 31,729,772</b>	<b>\$ 652,893</b>	<b>\$ 32,382,665</b>
<b>Program Expenses</b>						
Instruction	\$ 12,653,856	\$	\$ 12,653,856	\$ 12,728,384	\$ -	\$ 12,728,384
Tuition	1,222,309		1,222,309	930,820		930,820
Student and Instruction						
Related Serv	3,295,108		3,295,108	3,024,580		3,024,580
General Administration	669,175		669,175	649,670		649,670
School Administrative Serv	1,255,280		1,255,280	1,403,824		1,403,824
Central Services	419,505		419,505	389,746		389,746
Admin Information Tech	244,064		244,064	218,615		218,615
Plant Operations and Maint	2,802,953		2,802,953	2,277,076		2,277,076
Pupil Transportation	1,396,072		1,396,072	1,420,078		1,420,078
Unallocated Benefits	12,221,353		12,221,353	6,753,509		6,753,509
Debt Service	217,154		217,154	10,307		10,307
Unallocated Depreciation	80,275		80,275	354,211		354,211
Enterprise Operation		675,221	675,221		664,682	664,682
<b>Total Expenses</b>	<b>36,477,104</b>	<b>675,221</b>	<b>37,152,325</b>	<b>30,160,820</b>	<b>664,682</b>	<b>30,825,502</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 1,520,760</b>	<b>\$ (19,199)</b>	<b>\$ 1,501,561</b>	<b>\$ 1,568,952</b>	<b>\$ (11,789)</b>	<b>\$ 1,557,163</b>

Total revenues for the District were \$38,653,886. Government funding was the source of 45.53% of the District's revenues. This includes the State of New Jersey and Federal sources.

Property taxes of \$19,610,791 provided 50.73% of revenues.

Other miscellaneous revenues of \$509,420 represent 1.31% of the District revenues. Miscellaneous revenue was primarily provided from interest, tuition, and transportation fees.



The District's expenses for governmental activities are predominantly related to instruction and support services. Instruction together with tuition totaled \$13,876,165 (37.35%) of total expenditures. Student support services including transportation, exclusive of administration, totaled \$4,691,180 (12.63%) of total expenditures. Total revenues exceeded expenditures for governmental activities, increasing net position by \$1,520,760 from the beginning balance at July 1, 2015.

### **Activity Descriptions**

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

**Tuition expenses** include the cost to the District to send pupils with special needs living within the District to private schools and/or schools outside the District area.

**Student and instruction related services** include the activities designed to assess and improve the well being of students and to supplement the teaching process.

**School administrative and general and business administrative services** include expenses associated with establishing and administering policy for the District including financial supervision.

**Plant operation and maintenance of plant activities** involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

**Pupil transportation** includes activities involved with the conveyance of students to and from school, as well as to and from student activities as provided by State law and Board Policy.

**Unallocated benefits** includes the cost of benefits for the District staff for social security, retirement contributions, worker's compensation, health benefits and other employee benefits.

**Interest on long-term debt** involve the transactions associated with the payment of interest and other related charges to the debt of the District.

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

The financial performance of the District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As the District completed the year, its governmental funds reported a combined fund balance of \$19,874,678, as compared to \$1,104,620 at June 30, 2015.

All governmental funds had total revenues of \$33,670,356 and total expenditures of \$35,788,361.

### **GENERAL FUND BUDGETING HIGHLIGHTS**

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

The General Fund includes the primary operations of the District in providing educational services to students from K through grade 12 including pupil transportation activities and capital outlay projects.

Table 4 presents a summary of Governmental Fund revenues. The summary reflects the dollar and percent increase (decrease) from the prior year.

Table 4  
Comparison of Revenues

	2016	2015	Increase/ (Decrease)	Percentage Increase/ (Decrease)
<b>Local Sources</b>				
Local Tax Levy	\$ 19,610,791	\$ 18,968,608	\$ 642,183	3.39%
Tuition	172,231	127,810	44,421	34.76%
Transportation	32,989	58,571	(25,582)	-43.68%
Interest Earned	16,714	3,679	13,035	100.00%
Miscellaneous	300,924	176,275	124,649	70.71%
<b>Government Sources:</b>				
State Sources	12,742,683	11,555,209	1,187,474	10.28%
Federal Sources	794,024	907,416	(113,392)	-12.50%
<b>Total</b>	<b>\$ 33,670,356</b>	<b>\$ 31,797,568</b>	<b>\$ 1,872,788</b>	<b>5.89%</b>

One of the primary sources of funding for the District is received from local property taxes and accounted for 58.24% of total revenues. State aid accounted for 37.84 of total revenues.

Total governmental fund revenues increased by \$1,872,788, or 5.89% from the previous year. The major components of this increase was the increase in state aid, miscellaneous revenues, and tuition. Property taxes also increased by \$642,183 over the prior fiscal year.

Table 5 presents a summary of governmental fund expenditures. The summary reflects the dollar and percent increases (decreases) from the prior year.

Table 5  
Comparison of Expenditures

	2016	2015	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Instruction				
Regular	\$ 8,455,906	\$ 8,786,497	\$ (330,591)	-3.76%
Special Education	2,705,519	2,601,154	104,365	4.01%
Other Special Instruction	322,866	306,440	16,426	5.36%
Other Instruction	519,059	481,560	37,499	7.79%
Support Services:				
Tuition	1,222,309	930,820	291,489	31.32%
Student and Instruction Rel Serv	3,292,386	3,024,580	267,806	8.85%
General Administration	661,695	649,670	12,025	1.85%
School Administration	1,255,280	1,403,824	(148,544)	-10.58%
Central Services	419,505	389,746	29,759	7.64%
Administrative Information Tech	244,064	218,614	25,450	11.64%
Plant Operations and Maint	2,696,540	2,576,717	119,823	4.65%
Pupil Transportation	1,396,072	1,420,078	(24,006)	-1.69%
Employee Benefits	8,259,660	4,879,421	3,380,239	69.28%
TPAF and FICA Reimb		2,635,710	(2,635,710)	-100.00%
Capital Outlay	4,337,500	1,864,831	2,472,669	132.59%
Total	\$ 35,788,361	\$ 32,169,662	\$ 3,618,699	11.25%

Total governmental fund expenditures increased \$3,618,699 or 11.25% from the previous year. This decrease was primarily due to the increase of employee benefit expenditures in the current year.

The District values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during the school year.

During the course of fiscal year 2016, the District modified the general fund budget as needed to ensure no line item was projected to be over-expended.

## FOOD SERVICE ENTERPRISE FUND

The Food Service Fund had net position of \$20,111 as of June 30, 2016. This reflects a decrease of \$19,199 from June 30, 2015. This decrease is largely due to a decrease in revenue from the sale of lunches.

## INTERNAL SERVICE FUNDS

The Internal Services Fund had net position of \$326,918 as of June 30, 2016. This reflects a increase of \$68,693 from June 30, 2015.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Capital assets are individual items purchased at a cost exceeding \$2,000, have an extended useful life of one year or more and maintain their identity and structure when placed into service.

At the end of 2016, the District had capital assets allocated to governmental activities with a book value of \$8,991,112. This consists of a broad range of capital assets, including land, site and site improvements, and machinery and equipment. Total depreciation expense for the year was \$325,138.

Table 6 summarizes capital assets.

	2016			2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land, Site and Site Improve	\$ 1,455,315	\$	\$ 1,455,315	\$ 1,294,620	\$	\$ 1,294,620
Building and Improvements	2,303,396		2,303,396	2,423,536		2,423,536
Machinery and Equipment	678,594	20,111	698,705	700,641	39,310	739,951
Construction in Progress	4,553,807		4,553,807	1,078,934		1,078,934
Total	\$ 8,991,112	\$ 20,111	\$ 9,011,223	\$ 5,497,731	\$ 39,310	\$ 5,537,041

**Long-Term Obligations**

At June 30, 2016, the District's outstanding debt was \$22,971,690 and included \$1,281,489 in compensated absences and \$790,201 in capital leases.

This liability for compensated absences represents the District's contractual obligation to compensate employees for accumulated unused sick leave entitlements upon retirement.

Table 7 summarizes long-term obligations.

Table 7  
Long-Term Obligations  
As of June 30, 2016, and 2015

	2016			2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Obligations Under Capital Lease	\$ 790,201		\$ 790,201	\$ 1,296,435		\$ 1,296,435
Compensated Absences	1,281,489		1,281,489	1,225,115		1,225,115
<b>Total</b>	<b>\$ 2,071,690</b>		<b>\$ 2,071,690</b>	<b>\$ 2,521,550</b>		<b>\$ 2,521,550</b>

**For The Future**

A major initiative for the Pennsville Township School District was the passing of a bond referendum, which will allow the district to make much needed renovations to its aging facilities. The District has not had a successful bond referendum in over 20 years and its facilities were overdue for improvements.

The Pennsville Township School District is also focusing on continuing our shared services efforts with the Salem Community College, Quinton School District, and Pennsville Township. The District hopes to continually increase its revenue through these efforts, to have the ability to maintain our current academic programs during this tough economic period.

**Contacting the School District's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 18,731,909	\$ -	\$ 18,731,909
Receivables, Net	1,621,134	13,405	1,634,539
Interfund Receivable	27,072		27,072
Inventory		27,696	27,696
Depreciable Capital Assets, Net	8,991,112	20,111	9,011,223
Total Assets	29,371,227	61,212	29,432,439
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Pension Outflows	1,173,010		1,173,010
	1,173,010		1,173,010
<b>LIABILITIES:</b>			
Accounts Payable	105,507		105,507
Accrued Interest Payable	221,433		221,433
Payable to State Government	35,984		35,984
Interfund Payable		27,072	27,072
Net Pension Liability	6,796,945		6,796,945
Unearned Revenue	67,884	14,029	81,913
Noncurrent Liabilities (Note 7):			
Due Within One Year	332,610		332,610
Due Beyond One Year	22,639,080		22,639,080
Total Liabilities	30,199,443	41,101	30,240,544
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Pension Inflows	109,282		109,282
<b>NET POSITION:</b>			
Invested in Capital Assets, Net of Related Debt Restricted for:	(12,697,942)	20,111	(12,677,831)
Permanent Endowment- Nonexpendable	88,720		88,720
Capital Projects	18,954,570		18,954,570
Other Purposes	538,797		538,797
Unrestricted (Deficit)	(6,648,633)		(6,648,633)
Total Net Position (Deficit)	\$ 235,512	\$ 20,111	\$ 255,623

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



**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 8,461,512		\$ 713,994	\$ (7,747,518)		\$ (7,747,518)
Special Education	2,706,249			(2,706,249)		(2,706,249)
Other Special Instruction	322,866	604,953		282,087		282,087
Other Instruction	1,163,229			(1,163,229)		(1,163,229)
Support Services:						
Tuition	1,222,309			(1,222,309)		(1,222,309)
Student & Instruction Related Services	3,295,108		65,608	(3,229,500)		(3,229,500)
General Administrative Services	669,175			(669,175)		(669,175)
School Administrative Services	1,255,280			(1,255,280)		(1,255,280)
Central Services	419,505			(419,505)		(419,505)
Administrative Information Technology	244,064			(244,064)		(244,064)
Plant Operations and Maintenance	2,802,953			(2,802,953)		(2,802,953)
Pupil Transportation	1,396,072			(1,396,072)		(1,396,072)
Employee Benefits	12,221,353		2,148,279	(10,073,074)		(10,073,074)
Interest on Long-Term Debt	217,154			(217,154)		(217,154)
Unallocated Depreciation	80,275			(80,275)		(80,275)
<b>Total Governmental Activities</b>	<b>36,477,104</b>	<b>604,953</b>	<b>2,927,881</b>	<b>(32,944,270)</b>		<b>(32,944,270)</b>
Business-Type Activities:						
Food Service	675,221	328,832	318,978		(27,411)	(27,411)
<b>Total Business-Type Activities</b>	<b>675,221</b>	<b>328,832</b>	<b>318,978</b>		<b>(27,411)</b>	<b>(27,411)</b>
<b>Total Primary Government</b>	<b>\$ 37,152,325</b>	<b>\$ 933,785</b>	<b>\$ 3,246,859</b>	<b>(32,944,270)</b>	<b>(27,411)</b>	<b>(32,971,681)</b>
<b>General Revenues:</b>						
Taxes:						
Property Taxes, Levied for General Purposes, Net				19,610,791		19,610,791
Federal and State Aid				14,353,051		14,353,051
Tuition				172,231		172,231
Transportation fees from Individuals				32,989		32,989
Investment Earnings				16,714		16,714
Miscellaneous Income				300,924		300,924
Fixed Asset Adjustment				(9,733)	(3,725)	(13,458)
Transfer				(11,937)	11,937	
				<b>34,465,030</b>	<b>8,212</b>	<b>34,473,242</b>
<b>Change in Net Position</b>				<b>1,520,760</b>	<b>(19,199)</b>	<b>1,501,561</b>
<b>Net Position (Deficit) — Beginning of Year</b>				<b>(1,285,248)</b>	<b>39,310</b>	<b>(1,245,938)</b>
<b>Net Position — End of Year</b>				<b>\$ 235,512</b>	<b>\$ 20,111</b>	<b>\$ 255,623</b>

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

## **FUND FINANCIAL STATEMENTS**

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

**GOVERNMENTAL FUNDS**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Permanent Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$	\$	\$ 18,300,278	\$ 88,720	\$ 18,388,998
Interfund Accounts Receivable	768,878		101,193		870,071
State Aid Receivable	237,037		553,099		790,136
Other	52,552				52,552
Federal Receivable		635,433			635,433
<b>Total Assets</b>	<b>\$ 1,058,467</b>	<b>\$ 635,433</b>	<b>\$ 18,954,570</b>	<b>\$ 88,720</b>	<b>\$ 20,737,190</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable	\$ 59,227	\$ 42,680		\$	\$ 101,907
Due to Other Funds	101,193	555,544			656,737
Payable to State Government		35,984			35,984
Unearned Revenue	66,659	1,225			67,884
<b>Total Liabilities</b>	<b>227,079</b>	<b>635,433</b>			<b>862,512</b>
<b>Fund Balances:</b>					
Non-expendable:					
Permanent Fund Principal				88,720	88,720
Restricted:					
Capital Reserve	1,147				1,147
Capital Projects			9,308,839		9,308,839
Maintenance Reserve	100,000				100,000
Excess Surplus	438,797				438,797
Committed - Capital Projects Fund			9,645,731		9,645,731
Assigned:					
Designated for Subsequent Year's Expenditures	488,588				488,588
Unassigned (Deficit) - General Fund	(197,144)				(197,144)
<b>Total Fund Balances</b>	<b>831,388</b>		<b>18,954,570</b>	<b>88,720</b>	<b>19,874,678</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,058,467</b>	<b>\$ 635,433</b>	<b>\$ 18,954,570</b>	<b>\$ 88,720</b>	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of the assets is \$17,480,278 and the accumulated depreciation is \$8,489,166 (See Note 5).	8,991,112
Deferred Outflow of Resources - Deferred Pension Contribution.	1,173,010
Deferred Inflows of Resources - Pension Actuarial Gains.	(109,282)
Long Term Net Pension Liability	(6,796,945)
Accrued interest is not payable within the current year and therefore, not reported in the funds.	(221,433)
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 6).	(22,971,690)
Internal Service fund added in since the academic activities with other LEAs are governmental in nature	296,062
<b>Net Position of governmental activities (Deficit)</b>	<b>\$ 235,512</b>

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Permanent Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 19,610,791	\$	\$	\$	\$ 19,610,791
Tuition Charges	172,231				172,231
Transportation Charges	32,989				32,989
Interest Earned	10,382		6,331	1	16,714
Miscellaneous	300,924				300,924
Total Local Sources	20,127,317		6,331	1	20,133,649
State Sources	12,123,737	65,847	553,099		12,742,683
Federal Sources	37,590	756,434			794,024
Total Revenues	32,288,644	822,281	559,430	1	33,670,356
<b>EXPENDITURES:</b>					
Instruction					
Regular Instruction	7,741,912	713,994			8,455,906
Special Education Instruction	2,705,519				2,705,519
Other Special Instruction	322,866				322,866
Other Instruction	519,059				519,059
Support Services and Undistributed Costs:					
Tuition	1,222,309				1,222,309
Student and Instruction Related Services	3,226,778	65,608			3,292,386
General Administrative Services	661,695				661,695
School Administrative Services	1,255,280				1,255,280
Central Services	419,505				419,505
Administrative Information Technology	244,064				244,064
Plant Operations and Maintenance	2,696,540				2,696,540
Pupil Transportation	1,396,072				1,396,072
Employee Benefits	8,216,981	42,679			8,259,660
Capital Outlay	862,627		3,474,873		4,337,500
Total Expenditures	31,491,207	822,281	3,474,873		35,788,361
Excess (Deficiency) of Revenues over Expenditures	797,437		(2,915,443)	1	(2,118,005)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers to Food Service Fund	(11,937)				(11,937)
Bond Proceeds			20,900,000		20,900,000
Interest in Capital Project Fund	6,331		(6,331)		
Transfers to Capital Outlay	(222,360)		222,360		
Transfers to Capital Reserve	(753,984)		753,984		
Total Other Financing Sources and Uses	(981,950)		21,870,013		20,888,063
Net Changes in Fund Balances	(184,513)		18,954,570	1	18,770,058
Fund Balance — Beginning of Year	1,015,901			88,719	1,104,620
Fund Balance — End of Year	\$ 831,388	\$	\$ 18,954,570	\$ 88,720	\$ 19,874,678

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Total Net Change in Fund Balances - Governmental Funds** **\$ 18,770,058**

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:

Capital Outlays are reported in Governmental Funds as Expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as Depreciation Expense. This is the amount by which Capital Outlays exceeded depreciation in the period.

Depreciation Expense	\$	(325,138)	
Fixed Asset Adjustment		(9,733)	
Capital Outlays		3,828,252	
			3,493,381

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and differed inflows/outflows related to pension changed during the period. (161,094)

In the Statement of Activities, proceeds from Long-term Debt are not considered an other financing source of funds but as an increase in long-term liabilities in the Statement of Net Position. (20,900,000)

Repayment of Bond Principal or Capital Lease 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.

Capital Lease Principal			506,234
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In the Statement of Activities, interest on long-term debt is accrued, regardless of when it is due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (214,140)

Expenditures, net of charges, for services in the Statement of Activities that represent Internal Service Fund activity are not reported as expenditures in the Governmental Funds 82,695

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation. (56,374)

**Change in Net Position of Governmental Activities** **\$ 1,520,760**

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

**PROPRIETARY FUNDS**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	
	<u>Food Service</u>	<u>Internal Service Fund</u>	<u>Totals</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 342,911	\$ 342,911
Accounts Receivable	13,405	143,013	156,418
Inventories	27,696		27,696
<b>Total Current Assets</b>	<b>41,101</b>	<b>485,924</b>	<b>527,025</b>
Noncurrent Assets:			
Furniture, Machinery & Equipment	389,495	193,479	582,974
Less: Accumulated Depreciation	(369,384)	(162,623)	(532,007)
<b>Total Noncurrent Assets</b>	<b>20,111</b>	<b>30,856</b>	<b>50,967</b>
<b>Total Assets</b>	<b>61,212</b>	<b>516,780</b>	<b>577,992</b>
<b>LIABILITIES :</b>			
Current Liabilities:			
Accounts Payable		3,600	3,600
Due to General Fund	27,072	186,262	213,334
Unearned Revenue	14,029		14,029
<b>Total Current Liabilities</b>	<b>41,101</b>	<b>189,862</b>	<b>230,963</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	20,111	30,856	50,967
Unrestricted	-	296,062	296,062
<b>Total Net Position</b>	<b>\$ 20,111</b>	<b>\$ 326,918</b>	<b>\$ 347,029</b>

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



**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Business-Type Activities- Food Service</u>	<u>Governmental Activities Internal Service Fund</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 169,758	\$	\$ 169,758
Daily Sales - Non-Reimbursable Programs	13,838		13,838
Special Functions	138,722		138,722
Program Fees	6,514	604,953	611,467
Total Operating Revenues	<u>328,832</u>	<u>604,953</u>	<u>933,785</u>
<b>OPERATING EXPENSES:</b>			
Salaries and Benefits	299,346	468,131	767,477
Supplies and Materials	17,991	15,173	33,164
Cost of Sales	289,892		289,892
Other Purchased Services		38,954	38,954
Depreciation	15,474	14,002	29,476
Miscellaneous	52,518		52,518
Total Operating Expenses	<u>675,221</u>	<u>536,260</u>	<u>1,211,481</u>
Operating Income (Loss)	<u>(346,389)</u>	<u>68,693</u>	<u>(277,696)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
State Sources:			
State School Lunch Program	5,964		5,964
Federal Sources:			
National School Breakfast Program	38,091		38,091
National School Lunch Program	227,754		227,754
Food Distribution Program	47,169		47,169
Total Non-Operating Revenues (Expenses)	<u>318,978</u>		<u>318,978</u>
Change in Net Position	(27,411)	68,693	41,282
Other Financing Sources and Uses:			
Transfer from General Fund	11,937		11,937
Fixed Asset Adjustment	(3,725)		(3,725)
Net Change in Position	(19,199)	68,693	49,494
Net Position — Beginning of Year	39,310	258,225	297,535
Net Position — Ending of Year	<u>\$ 20,111</u>	<u>\$ 326,918</u>	<u>\$ 347,029</u>

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Business-Type Activities-</u> <u>Food Service</u>	<u>Governmental Activities</u> <u>Internal Service Fund</u>	<u>Total Enterprise</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 328,832	\$ 604,953	\$ 933,785
Payments to Employees and Employee Benefits	(299,346)	(290,407)	(589,753)
Payments to Suppliers	(266,151)	(40,705)	(306,856)
Net Cash Provided by (used for) Operating Activities	(236,665)	273,841	37,176
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
State Sources	5,964		5,964
Federal Sources	265,845		265,845
Transfer from General Fund	11,937		11,937
Net Cash Provided by (used for) Non-Capital Financing Activities	283,746		283,746
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchases of Capital Assets	-		-
Net Cash Provided by (Used for) Capital and Related Financing Activities	-		-
Net Increase (Decrease) in Cash and Cash Equivalents	47,081	273,841	320,922
Balances — Beginning of Year	(47,081)	69,070	21,989
Balances — End of Year	\$ -	\$ 342,911	\$ 342,911
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (346,389)	\$ 68,693	\$ (277,696)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Depreciation and Net Amortization	15,474	14,002	29,476
Food Distribution Program	47,169		47,169
(Increase) Decrease in Accounts Receivable	21,526	9,822	31,348
(Increase) Decrease in Inventories	(2,359)		(2,359)
Increase (Decrease) in Accounts Payable	27,072	3,600	30,672
Increase (Decrease) in Due to General		177,724	177,724
Increase (Decrease) in Unearned Revenue	842		842
Total Adjustments	109,724	205,148	314,872
Net Cash Provided by (used for) Operating Activities	\$ (236,665)	\$ 273,841	\$ 37,176

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

## **FIDUCIARY FUNDS**

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

		<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 33,811	\$ 193,273	\$ 205,070
Total Assets	<u>\$ 33,811</u>	<u>\$ 193,273</u>	<u>\$ 205,070</u>
<b>LIABILITIES:</b>			
Payroll Deductions and Withholdings			33,144
Payable to Student Groups		193,273	
Flexible Spending Reserve			18,252
Summer Payment Salaries and Wages			153,674
Total Liabilities		<u>\$ 193,273</u>	<u>\$ 205,070</u>
<b>NET POSITION:</b>			
Held in Trust for:			
Unemployment Claims and Other Purposes	<u>\$ 33,811</u>		

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Unemployment Compensation	
	<u>Trust</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>		
Deduction from Employees Salaries	\$ 34,494	\$ 34,494
Interest Earned	27	27
Total Operating Revenues	<u>34,521</u>	<u>34,521</u>
<b>OPERATING EXPENSES:</b>		
Quarterly Contributions Reports	22,776	22,776
Total Operating Expenses	<u>22,776</u>	<u>22,776</u>
Operating Income (Loss)	<u>11,745</u>	<u>11,745</u>
Net Position — Beginning of Year	<u>22,066</u>	<u>22,066</u>
Net Position — End of Year	<u>\$ 33,811</u>	<u>\$ 33,811</u>

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

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

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

**A. Reporting Entity/Component Units:**

The Pennsville Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the District functions independently through a Board of Education. The Board is comprised of 9 members elected to three-year terms. The purpose of the District is to educate students in grades K-12. The District had an approximate enrollment at June 30, 2016 of 1,856 students.

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

GASB Statement No. 14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. The District has determined that there are no component units.

**B. Government-Wide and Fund Financial Statements:**

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

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

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

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PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting:**

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

**Governmental Funds**

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

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

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

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

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

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

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

**Proprietary Funds**

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting (Continued)**

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

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

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

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

Food service fund:  
Machinery and equipment - 15 years

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

**Fiduciary Funds**

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

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

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

**D. Measurement Focus**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position.



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PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus (Continued)**

For the fund financial statements, all governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation, with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position; the statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

**E. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

For fund financial statements, all governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds, like the government-wide financial statements, use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and the presentation of expenses versus expenditures.

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

Revenue resulting from non-exchange transactions, which are defined as transactions in which the District receives value without directly giving equal value in return, includes Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual. As under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available.

The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

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**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Basis of Accounting (Continued)**

With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Restricted formula aids, if any, are recorded in the special revenue fund in accordance with The Audit Program promulgated by the New Jersey Department of Education, which requires that these grants be realized in an amount equal to program expenditures.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: tuition, grants, fees, and rentals.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as unearned revenue. The measurement focus of governmental fund financial statements is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**F. Budgets/Budgetary Control**

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

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

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

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PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**G. 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. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

**H. Cash, Cash Equivalents, and Investments**

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

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

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

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PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Cash, Cash Equivalents, and Investments (Continued)**

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

**I. Tuition Receivable**

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

**J. Tuition Receivable**

Tuition charges for the fiscal years 2015-16 and 2014-15 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**K. Inventories**

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Inventory consists of donated food, purchased food and supplies. As of June 30, 2016, Inventory in the Food Service Enterprise Fund consisted of the following:

Purchased Food	\$ 8,380
Commodity Food	14,029
Supplies	<u>5,287</u>
Total	<u>\$ 27,696</u>

The value of federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and is included as a non-operating and Unearned Revenue in the financial statements.

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**L. Prepaid Expense**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

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

**M. Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods and services rendered to/from a particular fund in the District and that are due within one year. These amounts are eliminated in the government-wide financial statements, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and/or interfunds payable on the statement of net position.

**N. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The District maintains a capitalization threshold of \$2,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

- Land and improvements - 10-20 years (governmental activities)
- Buildings and improvements - 20-50 years (governmental activities)
- Machinery and equipment - 5-15 years (governmental and business-type activities)

**O. Accrued Salaries and Wages**

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2016, the amount earned by these employees but not disbursed was \$153,696.

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. Compensated Absences**

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In the proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

#### **Q. Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

#### **R. Accrued Liabilities and Long-Term Obligations**

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

#### **S. Net Position**

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

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

### **NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **T. Fund Balance**

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

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follows:

**Nonspendable**

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

**Restricted**

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

**Committed**

The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which, for the 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 District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

**Unassigned**

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

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**T. Fund Balance (Continued)**

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

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**U. Operating and Non-Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are tuition for the school age child care program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

**V. Interfund Activity**

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

**W. Use of Estimates**

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

**X. New Accounting Standards:**

The District has adopted the following GASB statements:

- GASB No. 80 - *Blending Requirements for Certain Component Units - an Amendment of GASB No. 14*: The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 80, did not impact the financial statements of the School District.
- GASB No. 79 - *Certain External Investment Pools and Pool Participants*: This Statement addresses accounting and financial reporting for certain external investment pools and pool participants.

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**X. New Accounting Standards (Continued):**

- Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 79, did not impact the financial statements of the District.



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- GASB Statement No. 78 - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*: The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 78, did not impact the financial statements of the School District.
- GASB No. 77, *Tax Abatement Disclosures*: This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 77, did not impact the financial statements of the School District.
- GASB No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*: The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative/ nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 76, did not impact the financial statements of the School District.
- GASB No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*: The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 73, did not impact the financial statements of the School District.

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

**X. New Accounting Standards (Continued):**

- GASB No. 72 - *Fair Value Measurement and Application*: This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. Management is evaluating the potential impact of the adoption of GASB 72 on the School District's financial statements.

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

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- GASB No. 82 - *Pensions - an Amendment of GASB No. 67, No. 68 and No. 73*: The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 82 on the School District's financial statements.
- GASB No. 81 - *Irrevocable Split-Interest Agreements*: The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 81 on the School District's financial statements.
- GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

**X. New Accounting Standards (Continued):**

- GASB No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*: The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 74 on the School District's financial statements.

**Custodial Credit Risk Related to Deposits-** Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
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regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA.

As of June 30, 2016, the District's bank balance of \$19,998,340 was insured or collateralized as follows:

Insurance	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	<u>19,748,340</u>
Total	\$ <u>19,998,340</u>

As of June 30, 2016, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Equivalents
Checking accounts	\$ 19,075,343
Savings accounts	<u>88,720</u>
Total	\$ <u>19,164,063</u>

**NOTE 3 - CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Board of Education prior to 2001 and included in the capital outlay budget, which was certified for taxes and 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 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 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 (July 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the excess approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

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Beginning Balance July 1, 2015	\$	1,137
Interst Earnings - Budget		10
		1,147
Ending Balance June 30, 2016	\$	1,147

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects is \$83,672.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2016 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of the fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Internal Service Fund	Enterprise Fund	Total
State	\$ 237,037	\$	\$	\$ 292	\$ 237,329
Federal		635,433		13,113	648,546
Other	52,552		143,013		195,565
Total	\$ 289,589	\$ 635,433	\$ 143,013	\$ 13,405	\$ 1,081,440

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**NOTE 5- CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance as of June 30, 2015	Additions	Disposals	Adjustments	Balance as of June 30, 2016
<b>Governmental Activities:</b>					
Capital Assets, not being Depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in Progress	1,078,934	3,474,873			4,553,807
<b>Total Capital Assets, not being Depreciated</b>	<b>1,078,934</b>	<b>3,474,873</b>			<b>4,553,807</b>
Capital Assets, being Depreciated					
Site and Site Improvements	1,877,638	253,843			2,131,481
Buildings and Building Improvement	8,789,849			(27,945)	8,761,904
Machinery and Equipment	2,147,213	99,536	(19,511)	(194,152)	2,033,086
<b>Total at Historical Cost</b>	<b>12,814,700</b>	<b>353,379</b>	<b>(19,511)</b>	<b>(222,097)</b>	<b>12,926,471</b>
Less Accumulated Depreciation:					
Site and Site Improvement	(583,018)	(93,106)		(42)	(676,166)
Buildings and Building Improvements	(6,366,313)	(120,139)		27,944	(6,458,508)
Machinery and Equipment	(1,446,572)	(111,893)	13,214	190,759	(1,354,492)
<b>Total Accumulated Depreciation</b>	<b>(8,395,903)</b>	<b>(325,138)</b>	<b>13,214</b>	<b>218,661</b>	<b>(8,489,166)</b>
<b>Total Capital Assets Being Depreciated, net</b>	<b>4,418,797</b>	<b>28,241</b>	<b>(6,297)</b>	<b>(3,436)</b>	<b>4,437,305</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 5,497,731</b>	<b>\$ 3,503,114</b>	<b>\$ (6,297)</b>	<b>\$ (3,436)</b>	<b>\$ 8,991,112</b>
<b>Business-Type Activities:</b>					
Capital Assets, being Depreciated:					
Machinery and Equipment	\$ 414,879	\$ -	\$ (25,384)	\$ -	\$ 389,495
Less Accumulated Depreciation	(375,569)	(15,474)	21,659		(369,384)
<b>Business-Type Activities Capital Assets, net</b>	<b>\$ 39,310</b>	<b>\$ (15,474)</b>	<b>\$ (3,725)</b>	<b>\$ -</b>	<b>\$ 20,111</b>

Depreciation expense in the amount of \$325,138 was charged to governmental functions as follows:

Unallocated	\$ 325,138
<b>Total Depreciation Expense</b>	<b>\$ 325,138</b>

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
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**NOTE 6 - GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the general long-term debt account group:

	Principal Outstanding June 30, 2015	Additions	Reductions	Principal Outstanding June 30, 2016	Amounts Due Within One Year	Amounts Due Past One Year
Obligation under	\$	\$	\$	\$	\$	\$
Capital Lease	1,296,435		506,234	790,201	300,465	489,736
Serial Bonds Payable		20,900,000		20,900,000		20,900,000
Compensated Absences Payable	1,225,115	56,374		1,281,489	32,145	1,249,344
<b>Total</b>	<b>\$ 2,521,550</b>	<b>\$ 56,374</b>	<b>\$ 506,234</b>	<b>\$ 22,971,690</b>	<b>\$ 332,610</b>	<b>\$ 22,639,080</b>

As of June 30, 2016, there exists a balance of outstanding principal in the 2016 bond issue totaling \$20,900,000. Combined Principal and interest due on the serial bond issue outstanding as of June 30, 2016 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$	\$ 569,180	\$ 569,180
2018	1,200,000	535,874	1,735,874
2019	700,000	516,875	1,216,875
2020	750,000	501,438	1,251,438
2021	800,000	484,000	1,284,000
2022	850,000	465,438	1,315,438
2023	900,000	445,751	1,345,751
2024	950,000	424,938	1,374,938
2025	1,000,000	401,750	1,401,750
2026	1,050,000	376,125	1,426,125
2027	1,150,000	348,625	1,498,625
2028	1,200,000	319,250	1,519,250
2029	1,250,000	288,625	1,538,625
2030	1,300,000	253,500	1,553,500
2031	1,300,000	214,500	1,514,500
2032	1,300,000	175,500	1,475,500
2033	1,300,000	136,500	1,436,500
2034	1,300,000	97,500	1,397,500
2035	1,300,000	58,500	1,358,500
2036	1,300,000	19,500	1,319,500
	<b>\$ 20,900,000</b>	<b>\$ 6,633,369</b>	<b>\$ 27,533,369</b>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 6 - GENERAL LONG-TERM DEBT (Continued)**

**A. Bonds Payable**

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

On February 17, 2016, the District issued \$20,900,000 in general obligation bonds at various interest rates for building improvements. The final maturity of the bonds will be in 2035. Also on August 18, 1993, the District issued \$1,007,920 in general obligation bonds at 1.5% for a safe program. The final maturity of the bonds was also in 2013. The first principal payment will be on September 1 2017.

**B. As of June 30, 2016, the District had no authorized but not issued bonds.**

**C. Capital Leases**

At June 30, 2016, the District had capital lease obligations as follows:

Lease #1 - Acquisition of computer smart boards, LCD projectors, and an energy efficient boiler in the amount of \$581,550. The lease is for a term of four years and bears interest at 2.47%.

Lease #2 - Purchase of science lab equipment and renovation of the high school science lab in the amount of \$750,764. The lease is for a term of four years and bears interest at 2.38%.

Lease #3 - Various improvements to the Pennsville High School in the amount of \$1,200,000. The lease is for a term of five years and bears interest at 1.61%.

The following is a schedule of the minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2016.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 300,465	\$ 11,532	\$ 311,997
2018	242,905	6,911	249,816
2019	246,831	2,984	249,815
	<u>\$ 790,201</u>	<u>\$ 21,427</u>	<u>\$ 811,628</u>

**D. Temporary Notes Payable**

As of June 30, 2016, the District had no temporary notes payable.

**E. Interest Expense**

No interest expense was capitalized nor paid by the debt service fund during the fiscal year ending June 30, 2016.

**F. Compensated Absences**

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 7. PENSION PLANS**

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

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 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.

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

For the year ended June 30, 2016, the District recognized pension expense of \$4,752,157 and revenue of \$4,752,157 for support provided by the State.

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. 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, statute also requires the return to the normal rate when such surplus pension assets no longer exist.



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**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7. PENSION PLANS (CONTINUED)**

**Description of Plans (Continued)**

**Public Employees' Retirement System (Continued)** - The District is billed annually for its normal contribution plus any accrued liability. The District's contributions, which equal the required contribution for each fiscal year, were as follows:

<b>Public Employees Retirement System</b>					
<b>Fiscal Year</b>	<b>Normal Contribution</b>	<b>Accrued Liability</b>	<b>Total Liability</b>	<b>Funded by State</b>	<b>Paid by District</b>
2016	\$ 44,070	\$ 203,016	\$ 247,086	\$ N/A	\$ 247,086

**Vesting and Benefit Provisions**

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

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

The following represents the membership tiers for TPAF and PERS:

**Tier Definition**

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

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

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**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7. PENSION PLANS (CONTINUED)**

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/16	\$ 2,208,101	100 %	\$ N/A
6/30/15	1,722,584	100	N/A
6/30/14	1,442,566	100	N/A

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$1,007,932 to the TPAF for pension contributions and \$1,200,169 for normal and post-retirement benefits on behalf of the School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$905,431 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. The District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Contributions to the pension plan from the District were \$260,315 for the fiscal year ended June 30, 2016. Employee contributions were \$154,730.76 for the fiscal year ended June 30, 2016.

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**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7. PENSION PLANS (CONTINUED)**

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

**Teachers' Pension and Annuity Fund** - At June 30, 2016, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

**Public Employees' Retirement System** - At June 30, 2016, the District reported a liability of \$6,796,945 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was .0302786286, which represents a .00001% increase from the prior year.

For the fiscal year ended June 30, 2016, the District recognized \$447,132 in the government-wide financial statements, for pension expense for PERS.

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 162,151	\$
Changes of assumptions	729,938	
Net difference between projected and actual earnings on pension plan investments		109,282
Changes in proportion and differences between District contributions and proportionate share of contributions	5,631	-
District contributions subsequent to the measurement date	275,290	
Total	<u>\$ 1,173,010</u>	<u>\$ 109,282</u>

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**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7. PENSION PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees' Retirement System (Continued)** – \$275,290 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	PERS
2017	\$ 140,381
2018	140,381
2019	140,381
2020	140,381
2021	140,381
Thereafter	86,531
Total	<u>\$ 788,438</u>

Collective Balances at June 30, 2015 and 2016 are as follows:

	<u>Actuarial Valuation Date</u>	
	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$ 5,086,138,484	\$ 1,032,618,058
Collective deferred inflows of resources	\$ 478,031,236	\$ 1,726,631,532
Collective net pension liability	\$ 22,447,996,119	\$ 18,722,735,003
District's Proportion	0.0302786286%	0.0302716359%

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>TPAF</u>
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Valuation Date	July 1, 2014	July 1, 2014
Interest Rate	7.90%	7.90%
Salary Scale (Based on Age):		
2012-2021	2.15% - 4.40%	Varies based
Thereafter	3.15% - 5.40%	on Experience
Inflation	3.04%	2.50%

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**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7. PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

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

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	PERS		TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	5.00%	0.53%
U.S. Treasuries	1.75%	1.64%	1.75%	1.39%
Investment Grade Credit	10.00%	1.79%	13.50%	2.72%
Mortgages	2.10%	1.62%	2.10%	2.54%
High Yield Bonds	2.00%	4.03%	2.00%	4.57%
Inflation-Indexed Bonds	1.50%	3.25%	1.50%	1.47%
Broad US Equities	27.25%	8.52%	27.25%	5.63%
Developed Foreign Equities	12.00%	6.88%	12.00%	6.22%
Emerging Market Equities	6.40%	10.00%	6.40%	8.46%
Private Equity	9.25%	12.41%	9.25%	9.15%
Hedge Funds/Absolute Return	12.00%	4.72%	12.00%	14.57%
Real Estate (Property)	2.00%	6.83%	4.25%	3.97%
Commodities	1.00%	5.32%	1.00%	3.58%
Timber	n/a	n/a	1.00%	4.61%
Farmland	n/a	n/a	1.00%	4.61%
Global Debt ex US	3.50%	-0.40%	n/a	n/a
Real Estate (REITS)	4.25%	5.12%	n/a	n/a
<b>Total</b>	<b>100%</b>		<b>100%</b>	

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**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7. PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

**Teachers' Pension and Annuity Fund (TPAF)** - As indicated above, TPAF has a special funding situation where the State pays 100% of the District's annual required contribution.

**Public Employees' Retirement System (PERS)** - The following presents the District's proportionate share of the net pension liability at June 30, 2016 calculated using a discount rate of 4.90% for PERS, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.9%)	Current Discount (4.9%)	1% Increase (5.9%)
District's proportionate share of the net pension liability	\$ 8,447,771	\$ 6,796,945	\$ 5,412,905

**Pension Plan Fiduciary Net Position**

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

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PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 8 - POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c. 6 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 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, 2015, there were 107,314 retirees receiving post retirement medical benefits and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**NOTE 9 - CONTINGENT LIABILITIES**

The Board is not involved in any claims or lawsuits incidental to its operations that will, in the opinion of the administration and legal counsel, have a material adverse effect on the financial position of the District.

**NOTE 10 - COMPENSATED ABSENCES**

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation at their current rate of pay. Payment for accumulated sick days is available to employees only when they reach the statutory retirement requirements and have 10 years of service with the District. Accumulated sick days are paid at one day's salary for every four days of accumulated sick days up to a total of \$30,000 and \$20,000 maximum for certified employees and non-certified employees, respectively.

In the district-wide Statement of 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 vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, no liability existed for compensated absences in the proprietary fund types.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**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, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

The Legend Group Financial Services  
MetLife  
Lincoln Investments  
Equitable  
Valic

**NOTE 12 - RISK MANAGEMENT**

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

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

The District participates in the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund (GCSSDJIF), public entity risk pool. Coverage under this joint plan offers workers' compensation, boiler and machinery, automobile liability, general liability, property, crime, school board legal liability, and pollution legal liability coverage. The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies. No contingency provision has been made in these financial statements as no deficiencies occurred as of June 30, 2016 for the joint insurance pool.

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016		\$ 34,521	\$ 22,776	\$ 33,811
2014-2015		38,248	34,364	22,066
2013-2014		38,110	35,072	18,182



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**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 13 - INTERFUND RECEIVABLES AND PAYABLES**

The District had the following interfund balances at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 768,878	\$ 101,193
Special Revenue Fund		555,544
Capital Project Fund	101,193	
Enterprise Fund		27,072
Internal Service Fund		186,262
	\$ 870,071	\$ 870,071

All interfunds were created as a result of short-term borrowings to cover cash flow needs in the various funds, as well as 2016's interest earnings. These interfunds are expected to be liquidated within the next fiscal cycle. The fund financial interfunds were eliminated in the governmental-wide statements.

**NOTE 14 - FUND BALANCE APPROPRIATED**

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

**Nonspendable:**

As of June 30, 2016, the balance in the permanent fund account is \$88,720.

**Spendable:**

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

**Restricted Capital reserve** - As of June 30, 2016, the balance in the capital reserve account is \$1,147 which is restricted for future capital outlay expenditures for capital projects in the District's approved Long Range Facilities Plan.

**Restricted Maintenance reserve** - In June of 2016, the Board of Education approved the transfer of \$100,000 into a maintenance reserve account, which is restricted for future expenditures.

**Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The was excess surplus as of June 30, 2016 in the amount of \$438,797, which must be appropriated in the 2017-18 budget.

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**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 14 - FUND BALANCE APPROPRIATED (CONTINUED)**

**Capital Projects Fund** - There was no fund balance reflected in the capital project fund, as of June 30, 2016.

On February 17, 2016, the District's Board issued Serial Bonds in the amount of \$20,900,000 for building improvements and equipment, of which the remaining balance unspent as of June 30, 2016 was \$9,177,504.

On January 6, 2014, the District's Board received approval for the replacement of the fire alarm system at the high school in the amount of \$370,600, of which NJSDA Grant funding was awarded in the amount of \$148,240, with the remaining \$222,360 funded through budgeted Capital Outlay. The unspent amount on this project at June 30, 2016 was \$46,714.

On January 6, 2014, the District received approval for the replacement of windows and transom at the high school in the amount of \$1,256,640, of which NJSDA funding was awarded in the amount of \$502,656, with the remaining \$753,984 funded through budgeted Capital Reserve. The unspent amount on this project at June 30, 2016 was \$182,418.

**Assigned Other Purposes** - The spendable portion of the permanent fund was \$14 as of June 30, 2016.

Assigned Designated by the Board of Education for subsequent year's expenditures - The District has appropriated and included as anticipated revenue \$488,588 of unrestricted fund balance.

Assigned for Year End Encumbrances - As of June 30, 2016, the District had no encumbrances outstanding for purchase orders and contracts signed by the District but not completed.

Unassigned - This is the remainder of the District's equity in the governmental fund types. The total balance is a deficit of \$197,144 as of June 30, 2016.

**NOTE 15 - DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$197,144 in the General Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing differences of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's general fund deficit is less than the last state aid payments of \$851,279.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 16 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through November 23, 2016, the date which the financial statements were available to be issued. On October 18, 2016, the District issued \$14,725,000 in general obligation bonds at various interest rates for building improvements. The final maturity of the bonds will be in 2035.

The future minimum combined principal and interest due on the serial bond issue are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 450,000	\$ 537,361	\$ 987,361
2019	615,000	396,669	1,011,669
2020	630,000	381,875	1,011,875
2021	650,000	365,875	1,015,875
2022	675,000	349,312	1,024,312
2023	700,000	332,124	1,032,124
2024	730,000	314,249	1,044,249
2025	750,000	295,751	1,045,751
2026	775,000	276,688	1,051,688
2027	800,000	255,000	1,055,000
2028	825,000	230,625	1,055,625
2029	850,000	205,500	1,055,500
2030	875,000	179,625	1,054,625
2031	900,000	153,000	1,053,000
2032	900,000	126,000	1,026,000
2033	900,000	99,000	999,000
2034	900,000	71,438	971,438
2035	900,000	43,312	943,312
2036	900,000	14,625	914,625
	<u>\$ 14,725,000</u>	<u>\$ 4,628,029</u>	<u>\$ 19,353,029</u>

**End of Notes to Financial Statements**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

## **BUDGETARY COMPARISON SCHEDULES**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 19,610,791	\$	\$ 19,610,791	\$ 19,610,791	\$
Tuition from other LEA's	45,000		45,000	172,231	127,231
Transportation Fees from Individuals	55,000		55,000	32,989	(22,011)
Interest Earned				10,372	10,372
Interest Earned on Capital Reserve Funds				10	10
Miscellaneous	175,717		175,717	300,924	125,207
<b>Total - Local Sources</b>	<b>19,886,508</b>		<b>19,886,508</b>	<b>20,127,317</b>	<b>240,809</b>
State Sources:					
Equalization Aid	7,416,252		7,416,252	7,416,252	
Categorical Special Education Aid	997,530		997,530	997,530	
School Choice Aid	115,788		115,788	115,788	
Categorical Security Aid	57,757		57,757	57,757	
Categorical Transportation Aid	117,331		117,331	117,331	
Additional Adjustment Aid	115,788		115,788	115,788	
PARCC Readiness Aid	17,350		17,350	17,350	
Per Pupil Growth Aid	17,350		17,350	17,350	
Extraordinary Aid				64,160	64,160
Non-public Transportation Aid				2,895	2,895
Homeless Tuition				107,676	107,676
TPAF Pension & Annuity Fund (On-Behalf - Non-Budgeted)				1,007,932	1,007,932
TPAF Post Retirement-Medical (On-Behalf - Non-Budgeted)				1,200,169	1,200,169
Reimbursed TPAF Social Security (Non-Budgeted)				905,431	905,431
<b>Total - State Sources</b>	<b>8,855,146</b>		<b>8,855,146</b>	<b>12,143,409</b>	<b>3,288,263</b>
Federal Sources:					
Medical Reimbursement	44,283		44,283	37,590	(6,693)
<b>Total - Federal Sources</b>	<b>44,283</b>		<b>44,283</b>	<b>37,590</b>	<b>(6,693)</b>
<b>Total Revenues</b>	<b>28,785,937</b>		<b>28,785,937</b>	<b>32,308,316</b>	<b>3,522,379</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Salaries of Teachers					
Kindergarten	410,941		410,941	408,894	2,047
Grades 1-5	2,418,656	(195,610)	2,223,046	2,223,045	1
Grades 6-8	1,708,142	(89,244)	1,618,898	1,618,898	
Grades 9-12	2,502,424	273,277	2,775,701	2,775,700	1
<b>Home Instruction:</b>					
Salaries of Teachers	15,000		15,000	13,359	1,641
<b>Regular Programs - Undistributed Instruction:</b>					
Purchased Professional / Educational Services	21,541	(4,991)	16,550	7,841	8,709
Other Purchased Services	215,261	(58,430)	156,831	143,483	13,348
General Supplies	585,742	23,564	609,306	531,040	78,266
Textbooks	30,063	2,593	32,656	18,491	14,165
Other Objects	2,970	437	3,407	1,161	2,246
<b>Total Regular Programs</b>	<b>7,910,740</b>	<b>(48,404)</b>	<b>7,862,336</b>	<b>7,741,912</b>	<b>120,424</b>
<b>Special Education:</b>					
Learning and/or Language Disabilities:					
Salaries of Teachers	346,138	4,328	350,466	350,466	
Other Salaries for Instruction	119,634	41,480	161,114	161,113	1
General Supplies	12,620	(5,828)	6,792	5,717	1,075
Textbooks	3,880	(3,469)	411	411	
<b>Total Learning and/or Language Disabilities</b>	<b>482,272</b>	<b>36,511</b>	<b>518,783</b>	<b>517,707</b>	<b>1,076</b>

See Management's Discussion and analysis section of this report for explanation of significant budget variances, original and final

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXPENDITURES (CONT'D)	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	\$	\$	\$	\$	\$
Other Salaries for Instruction					
<b>Total Behavioral Disabilities</b>					
<b>Multiple Disabilities:</b>					
Salaries of Teachers	44,685	558	45,243	45,242	1
Other Salaries for Instruction	39,824	16,311	56,135	56,134	1
General Supplies	16,500	(798)	15,702	1,376	14,326
<b>Total Multiple Disabilities</b>	101,009	16,071	117,080	102,752	14,328
<b>Resource Room - Instruction:</b>					
Salaries of Teachers	1,471,737	(9,428)	1,462,309	1,462,309	
Other Salaries for Instruction	468,362	(22,024)	446,338	446,338	
General Supplies	27,150	(14,713)	12,437	12,436	1
Textbooks	12,600	(12,344)	256	256	
<b>Total Resource Room - instruction</b>	1,979,849	(58,509)	1,921,340	1,921,339	1
<b>Preschool disabilities - Part-Time:</b>					
Salaries of Teachers	161,856	(20,549)	141,307	141,307	
Other Salaries for Instruction	32,985	(11,657)	21,328	20,341	987
General Supplies	8,500	(6,426)	2,074	2,073	1
<b>Total Preschool Disabilities - Part -Time</b>	203,341	(38,632)	164,709	163,721	988
<b>TOTAL SPECIAL EDUCATION</b>	2,766,471	(44,559)	2,721,912	2,705,519	16,393
<b>Basic Skills / Remedial - Instruction:</b>					
Salaries of Teachers	169,925	86,504	256,429	256,429	
General supplies	22,500	(10,438)	12,062	10,442	1,620
Other Objects	2,300	2,248	4,548	4,548	
<b>Total Basic Skills / Remedial - Instruction</b>	194,725	78,314	273,039	271,419	1,620
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	50,849	(10,284)	40,565	39,776	789
Unused Vacation Payment to Terminated/Retired Staff		10,284	10,284	10,283	1
General Supplies	16,875	(16,180)	695	695	
Textbooks	968		968	623	345
Other Objects	85		85	70	15
<b>Total Bilingual Education - Instruction</b>	68,777	(16,180)	52,597	51,447	1,150
<b>School Sponsored Co-curricular Activities - Instruction</b>					
Salaries	80,000	13,627	93,627	93,627	
Transfers to Cover Deficit in Agency Funds	22,300		22,300	16,045	6,255
<b>Total School Sponsored Co-curricular Activities-Instruction</b>	102,300	13,627	115,927	109,672	6,255
<b>School Sponsored Athletics - Instruction</b>					
Salaries	266,125	(13,627)	252,498	249,767	2,731
Purchased Services	84,255		84,255	57,208	27,047
Supplies and Materials	85,258		85,258	84,307	951
Other Objects	25,070	(5,128)	19,942	18,105	1,837
<b>Total School Sponsored Athletics - Instruction</b>	460,708	(18,755)	441,953	409,387	32,566
<b>Total Instruction</b>	11,503,721	(35,957)	11,467,764	11,289,356	178,408

See Management's Discussion and analysis section of this report for explanation of significant budget variances, original and final

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>Current Expense (Cont'd)</b>					
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	\$ 151,500	\$ 85,885	\$ 237,385	\$ 235,950	\$ 1,435
Tuition to Other LEAs Within the State - Special	90,000	(87,557)	2,443		2,443
Tuition to County Voc. School Dist.-Regular	300,000	98,500	398,500	394,340	4,160
Tuition to CSSD & Regional Day Schools	279,229	265,985	545,214	535,693	9,521
Tuition to Private Schools for the Disabled - Within State	540,000	(370,661)	169,339	34,127	135,212
Tuition - State Facilities	22,199		22,199	22,199	
Tuition - Other	27,801	(12,152)	15,649		15,649
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,410,729</b>	<b>(20,000)</b>	<b>1,390,729</b>	<b>1,222,309</b>	<b>168,420</b>
<b>Attendance &amp; Social Work services:</b>					
Salaries	116,865	(43,368)	73,497	52,854	20,643
<b>Total attendance and social work services:</b>	<b>116,865</b>	<b>(43,368)</b>	<b>73,497</b>	<b>52,854</b>	<b>20,643</b>
<b>Health Services</b>					
Salaries	360,147	(373)	359,774	350,081	9,693
Purchased Professional and Technical Services	17,500	484	17,984	17,984	
Other Purchased Services		74	74	74	
Supplies and Materials	9,190	(185)	9,005	6,966	2,039
<b>Total Health Services</b>	<b>386,837</b>		<b>386,837</b>	<b>375,105</b>	<b>11,732</b>
<b>Speech, OT, PT &amp; Related Services</b>					
Salaries	441,093	(80,496)	360,597	360,596	1
Purchased Professional - Educational Services	195,000	(47,500)	147,500	125,062	22,438
<b>Total - Speech, OT, PT &amp; Related Services</b>	<b>636,093</b>	<b>(127,996)</b>	<b>508,097</b>	<b>485,658</b>	<b>22,439</b>
<b>Other Supp Serv STD-Extra Serv</b>					
Purchased Professional - Educational Services	160,000	65,295	225,295	183,588	41,707
<b>Total Other Supp Serv STD-Extra Serv</b>	<b>160,000</b>	<b>65,295</b>	<b>225,295</b>	<b>183,588</b>	<b>41,707</b>
<b>Guidance</b>					
Salaries of Other Professional Staff	545,946		545,946	541,354	4,592
Salaries of Secretarial and Clerical Assistants	59,208		59,208	58,389	819
Other Purchased Professional and Technical Services	1,918	582	2,500	2,500	
Other Purchased Services	400		400	182	218
Supplies and Materials	36,979	(1,045)	35,934	14,911	21,023
Other Objects	726	463	1,189	1,189	
<b>Total - Guidance</b>	<b>645,177</b>		<b>645,177</b>	<b>618,525</b>	<b>26,652</b>
<b>Child Study Teams</b>					
Salaries of Other Professional Staff	505,111	41,589	546,700	546,699	1
Salaries of Secretarial and Clerical Assistants	55,585	502	56,087	56,086	1
Other Salaries	20,000	15,670	35,670	35,670	
Other Purchased Professional and Technical Services	17,500	5,637	23,137	22,737	400
Miscellaneous Purchased Services	17,800	(14,902)	2,898	2,028	870
Supplies and Materials	37,500	17,217	54,717	54,717	
Other Objects	2,150	(1,032)	1,118		1,118
<b>Total - Child Study Team</b>	<b>655,646</b>	<b>64,681</b>	<b>720,327</b>	<b>717,937</b>	<b>2,390</b>
<b>Improvement of Instruction Services:</b>					
Salaries of Supervisors of Instruction	123,000	(24)	122,976	122,760	216
Salaries of Other Professional Staff	318,581	(35,198)	283,383	278,594	4,789
Salaries of Secretarial and Clerical Assistants	75,200		75,200	75,044	156
Unused Vacation Payment to Terminated/Retired Staff		10,284	10,284	10,283	1
Other Purchased Professional and Technical Services	15,000	14,477	29,477	29,477	
Other Purchased Services	3,692	2,150	5,842	5,781	61
Supplies and Materials	10,045	(6,258)	3,787	1,751	2,036
Other Objects	4,055	12,549	16,604	16,344	260
<b>Total - Improvement of Instruction Services</b>	<b>549,573</b>	<b>(2,020)</b>	<b>547,553</b>	<b>540,034</b>	<b>7,519</b>

See Management's Discussion and analysis section of this report for explanation of significant budget variances, original and final



**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Budget Modifications</b>	<b>Final Budget</b>	<b>Actual (GAAP Basis)</b>	<b>Variance Positive (Negative) Final to Actual</b>
<b>Current Expense (Cont'd)</b>					
<b>Educational Media Services/School Library</b>					
Salaries	\$ 266,816	\$ (2,807)	\$ 264,009	\$ 228,650	\$ 35,359
Purchased Professional and Technical Services		389	389	389	
Other Purchased Services	9,375	58	9,433	9,259	174
Supplies and Materials	16,478	2,481	18,959	14,661	4,298
Other Objects	325	(121)	204	118	86
<b>Total Educational Media Services/School Library</b>	<b>292,994</b>		<b>292,994</b>	<b>253,077</b>	<b>39,917</b>
<b>Support Services - General Administration:</b>					
Salaries	260,974	(22,912)	238,062	237,940	122
Legal Services	50,000	26,749	76,749	64,953	11,796
Audit Fees	22,000	(2,051)	19,949	18,400	1,549
Other Purchased Professional Services	98,000	(34,732)	63,268	52,700	10,568
Communications/Telephone	108,000	53,101	161,101	161,101	
BOE Other Purchased Services	4,500	(3,767)	733		733
Miscellaneous Purchased Services	116,000	(25,309)	90,691	87,332	3,359
General Supplies	11,500	6,735	18,235	18,234	1
BOE in-house training/meeting supplies	4,000	(833)	3,167	1,909	1,258
Miscellaneous Expenditures	4,200	962	5,162	5,112	50
BOE Membership Dues and Fees	15,000		15,000	14,014	986
<b>Total - Support Services - General Administration</b>	<b>694,174</b>	<b>(2,057)</b>	<b>692,117</b>	<b>661,695</b>	<b>30,422</b>
<b>Support Service - School Administration:</b>					
Salaries of Principals/Assistant Principals	734,345	(13,942)	720,403	720,400	3
Salaries of Secretarial and Clerical Assistants	421,078	45,997	467,075	466,969	106
Unused Vacation Payment to Terminated/Retired Staff		20,041	20,041	20,041	
Other Purchased Services	3,500	(2,732)	768	531	237
Supplies and Materials	21,823	24,982	46,805	46,711	94
Other Objects	290	628	918	628	290
<b>Total - Support Services - School Administration</b>	<b>1,181,036</b>	<b>74,974</b>	<b>1,256,010</b>	<b>1,255,280</b>	<b>730</b>
<b>Central Services:</b>					
Salaries	371,947	(18,162)	353,785	353,785	
Purchased Technical Services	2,000	(301)	1,699		1,699
Miscellaneous Purchased Services	50,000	(15,361)	34,639	34,638	1
Supplies and Materials	7,000	509	7,509	7,509	
Interest on Current Loans		22,433	22,433	22,433	
Miscellaneous expenditures	2,000	(208)	1,792	1,140	652
<b>Total - Central Services</b>	<b>432,947</b>	<b>(11,090)</b>	<b>421,857</b>	<b>419,505</b>	<b>2,352</b>
<b>Administrative Information Technology</b>					
Salaries	172,320	60,601	232,921	232,920	1
Other Purchased Services (400-500 series)	17,800	(13,986)	3,814	2,903	911
Supplies and Materials	10,000	438	10,438	8,241	2,197
<b>Total - Administrative Information Technology</b>	<b>200,120</b>	<b>47,053</b>	<b>247,173</b>	<b>244,064</b>	<b>3,109</b>
<b>Required Maintenance for School Facilities</b>					
Cleaning, Repair, and Maintenance Services	140,000	23,208	163,208	161,766	1,442
General Supplies	43,210	10,507	53,717	53,395	322
<b>Total - Required Maintenance for School Facilities</b>	<b>183,210</b>	<b>33,715</b>	<b>216,925</b>	<b>215,161</b>	<b>1,764</b>

See Management's Discussion and analysis section of this report for explanation of significant budget variances, original and final

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>Current Expense (Cont'd)</b>					
<b>Custodial Services:</b>					
Salaries	\$ 354,305	\$ (9,264)	\$ 345,041	\$ 319,055	\$ 25,986
Salaries of Non-Instructional Aides	34,418	3,926	38,344	38,344	
Purchased Professional and Technical Services	1,133,500	(4,865)	1,128,635	1,119,218	9,417
Cleaning, Repair and Maintenance Services	171,000	10,096	181,096	180,919	177
Other Purchased Property Services	64,400	(3,977)	60,423	53,367	7,056
Insurance	149,000	(7,765)	141,235	116,194	25,041
Miscellaneous purchased services	5,800		5,800	2,151	3,649
General Supplies	168,000	(28,712)	139,288	135,595	3,693
Energy (Natural Gas)	283,660		283,660	139,130	144,530
Energy (Electricity)	361,220	6,191	367,411	367,411	
Energy (Oil)	15,000	(364)	14,636	9,995	4,641
<b>Total - Custodial Services</b>	<b>2,740,303</b>	<b>(34,734)</b>	<b>2,705,569</b>	<b>2,481,379</b>	<b>224,190</b>
<b>Security:</b>					
Salaries		1,311	1,311		1,311
<b>Total - Security</b>		<b>1,311</b>	<b>1,311</b>		<b>1,311</b>
<b>Student Transportation Services</b>					
Contracted Services - Aid in Lieu Payments - Non-Public	31,200	(14,825)	16,375	16,375	
Contracted Services - (Between Home and School) - Vendors	954,127	(86,849)	867,278	867,278	
Contracted Services - (Other than Between Home & School) - Vendors	104,292	(5,118)	99,174	99,174	
Contracted Services (Special Ed) - Joint Agreements	25,709	(6,411)	19,298	19,298	
Contracted Services (Regular Students) - ESC's	209,040	13,922	222,962	222,961	1
Contracted Services (Special Education Students) - ESC's	69,680	101,307	170,987	170,986	1
<b>Total Student Transportation Services</b>	<b>1,394,048</b>	<b>2,026</b>	<b>1,396,074</b>	<b>1,396,072</b>	<b>2</b>
<b>Unallocated Benefits:</b>					
Social Security Contributions	217,495	67,230	284,725	284,725	
Other Retirement Contributions - PERS	273,502	1,788	275,290	275,290	
Unemployment Compensation	50,000	(50,000)			
Workmen's Compensation	185,000	(12,110)	172,890	172,890	
Health Benefits	4,218,281	26,788	4,245,069	4,240,651	4,418
Tuition Reimbursement	55,000		55,000	52,920	2,080
Other Employee Benefits	90,750	(75,595)	15,155	13,893	1,262
Unused Vacation Payment to Terminated/Retired Staff		63,081	63,081	63,080	1
<b>Total Unallocated Benefits</b>	<b>5,090,028</b>	<b>21,182</b>	<b>5,111,210</b>	<b>5,103,449</b>	<b>7,761</b>
Teacher's Pension & Annuity Fund (On-Behalf - Non-Budgeted)				1,007,932	(1,007,932)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				1,200,169	(1,200,169)
Reimbursed TPAF Social Security (Non-Budgeted)				905,431	(905,431)
<b>Total On-Behalf Contributions</b>				<b>3,113,532</b>	<b>(3,113,532)</b>
<b>Total Undistributed Expenditures</b>	<b>16,769,780</b>	<b>68,972</b>	<b>16,838,752</b>	<b>19,339,224</b>	<b>(2,500,472)</b>
<b>Total Expenditures - Current Expense</b>	<b>28,273,501</b>	<b>33,015</b>	<b>28,306,516</b>	<b>30,628,580</b>	<b>(2,322,064)</b>

See Management's Discussion and analysis section of this report for explanation of significant budget variances, original and final

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>Capital Outlay</b>					
Increase in Maintenance Reserve	\$	\$	\$	\$	\$
Interest Deposit on Capital Reserve					
<b>Equipment:</b>					
Grades 1-5		3,394	3,394	3,394	
Grades 9-12	30,000	(20,472)	9,528		9,528
School-Sponsored and Other Instructional Program	35,500	(14,692)	20,808		20,808
<b>Undistributed Expenditures:</b>					
Central Services		5,128	5,128		5,128
Undsit. Expend. - Custodial Services	76,000	9,493	85,493	85,492	1
Undsit. Expend. - Security	8,500	2,150	10,650	10,650	
<b>Total Equipment</b>	150,000	(14,999)	135,001	99,536	35,465
<b>Facilities Acquisition and Construction Services</b>					
Construction Services	262,811	(4,417)	258,394	253,843	4,551
Lease Purchase Services - Principal	524,251	(13,599)	510,652	506,234	4,418
Other Objects - Debt Service Assessment	3,014		3,014	3,014	
<b>Total Facilities Acquisition and Construction Services</b>	790,076		772,060	763,091	8,969
<b>Total Capital Outlay</b>	940,076	(14,999)	907,061	862,627	44,434
<b>Total Expenditures</b>	29,213,577		29,213,577	31,491,207	(2,277,630)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(427,640)	-	(427,640)	817,109	1,244,749
<b>OTHER FINANCING SOURCES (USES):</b>					
<b>Operating Transfers :</b>					
Transfer to Food Service Fund				(11,937)	(11,937)
Interest in Capital Projects Fund				6,331	6,331
Capital Outlay Transferred to Capital Projects Fund	(222,360)		(222,360)	(222,360)	
Capital Reserve Transferred to Capital Projects Fund	(753,984)		(753,984)	(753,984)	
<b>Total Other Financing Sources (Uses):</b>	(976,344)		(976,344)	(981,950)	(5,606)
<b>Net Change in Fund Balances</b>	(1,403,984)		(1,403,984)	(164,841)	1,239,143
Fund Balances - Beginning of Year	1,847,508		1,847,508	1,847,508	
Fund Balances - End of Year	\$ 443,524	\$	\$ 443,524	\$ 1,682,667	\$ 1,239,143
<b>Recapitulation:</b>					
<b>Fund Balances:</b>					
Restricted:					
Capital Reserve				\$ 1,147	
Maintenance Reserve				100,000	
Excess Surplus				438,797	
Assigned Fund Balance:					
Designated For Subsequent Year's Expenditures				488,588	
Unassigned				654,135	
				1,682,667	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Last State Aid Payment Not Recognized on GAAP Basis				(851,279)	
				\$ 831,388	

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
State Sources:	\$ 87,103		\$ 87,103	\$ 65,847	\$ (21,256)
Federal Sources:	724,218	212,133	936,351	756,434	(179,917)
<b>Total Revenues</b>	<u>811,321</u>	<u>212,133</u>	<u>1,023,454</u>	<u>822,281</u>	<u>(201,173)</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	291,824	(52,593)	239,231	225,317	13,914
Salaries - Other Instruction		18,826	18,826	18,576	250
Purchased Professional/Technical Services	432,394	42,109	474,503	436,868	37,635
Textbooks	8,103	(2,058)	6,045	9,257	(3,212)
General Supplies	4,352	3,294	7,646	4,371	3,275
Supplies & Materials		120,677	120,677	19,605	101,072
<b>Total Instruction</b>	<u>736,673</u>	<u>130,255</u>	<u>866,928</u>	<u>713,994</u>	<u>152,934</u>
<b>Support</b>					
Salaries		7,335	7,335	1,353	5,982
Employee Benefits		56,282	56,282	42,679	13,603
Purchased Educational Services	74,648	(25,326)	49,322	28,129	21,193
Purchased Professional / Technical Services		19,497	19,497	12,036	7,461
Purchased Professional Services		24,090	24,090	24,090	
<b>Total Support Services</b>	<u>74,648</u>	<u>81,878</u>	<u>156,526</u>	<u>108,287</u>	<u>48,239</u>
<b>Total Expenditures</b>	<u>811,321</u>	<u>212,133</u>	<u>1,023,454</u>	<u>822,281</u>	<u>201,173</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses) \$</b>	\$	\$	\$	\$	\$

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET-TO-GAAP RECONCILIATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

	<u>Ref</u>	<u>General Fund</u>	<u>Ref</u>		<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>					
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	<b>[C-1]</b>	\$ 32,308,316	<b>[C-2]</b>	\$	822,281
<b>Difference - Budget to GAAP:</b>					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		831,607			
The last State aid payment is recognized for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).		<u>(851,279)</u>			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<b>[B-2]</b>	<u>\$ 32,288,644</u>	<b>[B-2]</b>	\$	<u>822,281</u>
<b>Uses/Outflows of Resources:</b>					
Actual amounts (budgetary basis) "total expenditures" and "financing uses" from the budgetary comparison schedule.	<b>[C-1]</b>	\$ 31,491,207	<b>[C-2]</b>	\$	822,281
<b>Differences - Budget to GAAP:</b>					
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.					
Transfers to other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers to the General Fund.					
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<b>[B-2]</b>	<u>\$ 31,491,207</u>	<b>[B-2]</b>	\$	<u>822,281</u>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART III**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
Schedules of Required Supplementary Information  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**Public Employee's Retirement System**

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.030279%	0.030272%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,796,945	\$ 5,667,678
District's Covered-Employee Payroll	\$ 2,191,654	\$ 2,106,721
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	310.13%	269.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.



**SCHEDULE L-2**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS**

**Public Employee's Retirement System**

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 260,315	\$ 249,555
Contributions in Relation to the Contractually Required Contribution	(260,315)	(249,555)
Contribution Deficiency (Excess)	\$ -	\$ -
District's Covered-Employee Payroll	\$ 2,191,654	\$ 2,106,721
Contributions as a Percentage of Covered-Employee Payroll	11.88%	11.85%

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**Teachers Pension Plan**

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.123139%	0.129144%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 77,828,931	\$ 69,023,508
District's Covered-Employee Payroll	\$ 12,089,273	\$ 12,340,840
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	643.79%	559.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS

**Teachers' Pension Plan**

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

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III**  
**Pension Schedules**

For the Fiscal Year Ended June 30, 2016

**Teachers' Pension and Annuity Fund (TPAF)**

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

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

**Public Employees' Retirement System (PERS)**

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

*Change of assumptions.* 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.

## **OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
<b>REVENUES:</b>			
State Sources	\$	\$ 65,847	\$ 65,847
Federal Sources	756,434		756,434
<b>Total Revenues</b>	<u>756,434</u>	<u>65,847</u>	<u>822,281</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	225,317		225,317
Salaries - Other Instruction	18,576		18,576
Purchased Professional/Technical Services	436,868		436,868
Textbooks		9,257	9,257
General Supplies		4,371	4,371
Supplies and Materials	19,605		19,605
<b>Total Instruction</b>	<u>700,366</u>	<u>13,628</u>	<u>713,994</u>
<b>Support Services:</b>			
Salaries	1,353		1,353
Employee Benefits	42,679		42,679
Purchased Educational Services		28,129	28,129
Purchased Technical Services	12,036		12,036
Purchased Professional Services		24,090	24,090
<b>Total Support Services</b>	<u>56,068</u>	<u>52,219</u>	<u>108,287</u>
<b>Total Expenditures</b>	<u>756,434</u>	<u>65,847</u>	<u>822,281</u>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>







## **CAPITAL PROJECTS FUND DETAIL STATEMENT**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Project Title	Approval Date	Appropriations	GAAP Expenditures to Date		Unexpended Balances	Memo Only	
			Prior Year	Current Year		Encumbrances	Available Balances
Various Improvements and Renovations to Central Park, Penn Beach and Valley Park Elementary Schools, Pennsville Middle School and Pennsville Memorial High School; Equipment and Associate Site Work	1/19/16	\$ 20,900,000	\$	\$ 3,087,856	\$ 17,812,144	\$ 8,634,640	\$ 9,177,504
Replacement of Fire Alarm System at Pennsville Memorial High School	9/11/15	370,600		51,898	318,702	271,988	46,714
Replacement of Windows and Transom at Pennsville Memorial High School	9/11/15	1,256,640		335,119	921,521	739,103	182,418
		<u>\$ 22,527,240</u>	<u>\$</u>	<u>\$ 3,474,873</u>	<u>\$ 19,052,367</u>	<u>\$ 9,645,731</u>	<u>\$ 9,406,636</u>
					\$ 97,797	\$ 97,797	
					18,954,570		9,308,839
					<u>\$ 19,052,367</u>	<u>\$ 9,406,636</u>	

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Revenues and Other Financing Sources**

Serial Bond Proceeds	\$ 20,900,000
State Sources - SDA Grant	553,099
Capital Outlay Transferred to Capital Project Fund	222,360
Capital Reserve Transferred to Capital Project Fund	753,984
Interest Income	6,331
	<hr/>
Total Revenues and Other Financing Sources	22,435,774

**Expenditures and Other Financing Uses**

Purchased Professional and Technical Services	1,033,260
Construction Services	2,362,869
Other Purchased Services	78,744
	<hr/>
Total Expenditures and Other Financing Uses	3,474,873

Excess (Deficiency) of Revenues Over (Under) Expenditures before Other Financing Sources (Uses)	18,960,901
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**Other Financing Sources and Uses**

Transfer of Interest Income to General Fund	(6,331)
	<hr/>

Excess (Deficiency) of Revenues Over (Under) Expenditures	18,954,570
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Fund Balance - Beginning

Fund Balance - Ending	\$ 18,954,570
	<hr/> <hr/>

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND**  
**PROJECT STATUS - BUDGETARY BASIS**  
**VARIOUS IMPROVEMENTS AND RENOVATIONS TO CENTRAL PARK, PENN BEACH AND VALLEY**  
**PARK ELEMENTARY SCHOOLS, PENNSVILLE MIDDLE SCHOOL, PENNSVILLE MEMORIAL**  
**SCHOOL, EQUIPMENT AND ASSOCIATED SITE WORK**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Serial Bonds	\$	\$ 20,900,000	\$ 20,900,000	\$ 20,900,000
Total Revenues and Other Financing Sources		20,900,000	20,900,000	20,900,000
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services		967,752	967,752	1,723,392
Construction Services		10,676,000	10,676,000	16,758,915
Other Purchased Services		78,744	78,744	2,417,693
Total Expenditures and Other Financing Uses		11,722,496	11,722,496	20,900,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$ 9,177,504	\$ 9,177,504	\$ 0

**Additional project information:**

Project Number  
 Grant Date/Letter of Notification  
 Bond Authorization Date  
 Bonds Authorized \$ 1/19/16  
 Bonds Issued \$ 20,900,000  
 Original Authorization Cost  
 Additional Authorized Cost  
 Revised Authorized Cost  
 Percentage Increase over Original  
 Authorized Cost  
 Percentage Completion  
 Original Target Completion Date  
 Revised Target Completion Date

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND**  
**PROJECT STATUS - BUDGETARY BASIS**  
**RFEPLACEMENT OF FIRE ALARM SYSTEM**  
**AT PENNSVILLE MEMORIAL HIGH SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$	\$ 148,240	\$ 148,240	\$ 148,240
Capital Outlay Transferred to Capital Project Fund		222,360	222,360	222,360
<b>Total Revenues and Other Financing Sources</b>		<b>370,600</b>	<b>370,600</b>	<b>370,600</b>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services		14,886	14,886	50,600
Construction Services		309,000	309,000	320,000
Other Purchased Services		0	0	
<b>Total Expenditures and Other Financing Uses</b>		<b>323,886</b>	<b>323,886</b>	<b>370,600</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expen</b>	<b>\$</b>	<b>\$ 46,714</b>	<b>\$ 46,714</b>	<b>\$ 0</b>

**Additional project information:**

DOE Project Number	4075-050-14-1003
SDA Project Number	4075-050-14-G2NO
Grant Number	G5-5774
Grant Date/Letter of Notification	9/11/15
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorization Cost	\$370,600
Additional Authorized Cost	
Revised Authorized Cost	\$370,600
Percentage Increase over Original Authorized Cost	
Percentage Completion	
Original Target Completion Date	
Revised Target Completion Date	

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND**  
**PROJECT STATUS - BUDGETARY BASIS**  
**RFEPLACEMENT OF WINDOWS AND TRANSOM**  
**AT PENNSVILLE MEMORIAL HIGH SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$	\$ 502,656	\$ 502,656	\$ 502,656
Capital Reserve Transferred to Capital Project Fund		753,984	753,984	753,984
<b>Total Revenues and Other Financing Sources</b>		<b>1,256,640</b>	<b>1,256,640</b>	<b>1,256,640</b>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services		50,622	50,622	168,640
Construction Services		1,023,600	1,023,600	1,088,000
Other Purchased Services				
<b>Total Expenditures and Other Financing Uses</b>		<b>1,074,222</b>	<b>1,074,222</b>	<b>1,256,640</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$</b>	<b>\$ 182,418</b>	<b>\$ 182,418</b>	<b>\$ 0</b>

**Additional project information:**

DOE Project Number	4075-050-14-1010
SDA Project Number	4075-050-14-G2NS
Grant Number	G5-5778
Grant Date/Letter of Notification	9/11/2015
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorization Cost	\$1,256,640
Additional Authorized Cost	
Revised Authorized Cost	\$1,256,640
Percentage Increase over Original Authorized Cost	
Percentage Completion	
Original Target Completion Date	
Revised Target Completion Date	



## **PROPRIETARY FUND DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund** – This fund provides for the operation of food services in all schools within the school district.

**Internal service funds** – This fund is used to serve organizational units within the district or to serve other governmental units.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5  
AND B-6.**

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICES ENTERPRISE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2016

ASSETS:

Current Assets:		
Cash	\$	
Accounts Receivable:		
Federal		13,113
State		292
Inventories		27,696
Total Current Assets		<u>41,101</u>
Fixed Assets:		
Equipment		389,495
Accumulated Depreciation		(369,384)
Total Fixed Assets		<u>20,111</u>
Total Assets		<u>61,212</u>
LIABILITIES:		
Current Liabilities:		
Unearned Revenue		14,029
Due to General Fund		27,072
Total Current Liabilities		<u>41,101</u>
Total Liabilities		<u>41,101</u>
NET POSITION:		
Net Position:		
Net Investment in Capital Assets		20,111
Unrestricted		
Total Net Position	\$	<u><u>20,111</u></u>

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**FOOD SERVICES ENTERPRISE FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

OPERATING REVENUES:

Local Sources:

Daily Sales-Reimbursable Programs:

School Lunch Program	\$ 169,758
School Breakfast Program	13,838
Daily Sales Non-Reimbursable Programs	138,722
Special Functions and Miscellaneous	6,514

Total Operating Revenue 328,832

OPERATING EXPENSES:

Salaries and Benefits	299,346
Supplies and Materials	17,991
Cost of Sales	289,892
Depreciation	15,474
Miscellaneous	52,518

Total Operating Expenses 675,221

Operating Loss (346,389)

Non-Operating Revenues (Expenses):

State Sources:

State School Lunch Program 5,964

Federal Sources:

National School Breakfast Program 38,091  
National School Lunch Program 227,754  
Food Distribution Program 47,169

Total Non-Operating Revenues 318,978

Net Income (Loss) Before Contributions and Transfers (27,411)

Other Financing Sources and Uses:

Transfer from General Fund 11,937  
Fixed Asset Adjustment (3,725)

Change in Net Position (19,199)

Total Net Position-July 1 39,310

Total Net Position-June 30 \$ 20,111

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICES ENTERPRISE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 328,832
Payments to Employees and Employee Benefits	(299,346)
Payments to Suppliers	(266,151)
	<hr/>
Net Cash Provided by (Used for) Operating Activities	(236,665)
	<hr/>
Cash Flows from Non-Capital Financing Activities:	
State Sources	5,964
Federal Sources	265,845
Transfer from General Fund	11,937
	<hr/>
Net Cash Provided by (Used For) Non-Capital Financing Activities	283,746
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	
	<hr/>
Net Cash Provided by (Used For) Capital and Related Financing Activities	
	<hr/>
Net Increase/(Decrease) in Cash and Cash Equivalents	47,081
Cash and Cash Equivalents, July 1	(47,081)
	<hr/>
Cash and Cash Equivalents, June 30	\$
	<hr/> <hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ (346,389)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Depreciation	15,474
Food Distribution	47,169
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	21,526
(Increase)/Decrease in Inventory	(2,359)
Increase/(Decrease) in Due to General Fund	27,072
Increase/(Decrease) in Unearned Revenue	842
	<hr/>
Net Cash Used by Operating Activities	\$ (236,665)
	<hr/> <hr/>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2016

ASSETS

Current Assets:

Cash	\$	342,911
Accounts Receivable		143,013

Total Current Assets		<u>485,924</u>
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Fixed Assets

Equipment		193,479
Accumulated Depreciation		(162,623)

Total Fixed Assets		<u>30,856</u>
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Total Assets	\$	<u>516,780</u>
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LIABILITIES

Current Liabilities:

Accounts Payable		3,600
Due to General Fund		186,262

Total Current Liabilities		<u>189,862</u>
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Total Liabilities		<u>189,862</u>
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NET POSITION

Net Position:

Net Investment In Capital Assets		30,856
Unrestricted		296,062

Total Net Position	\$	<u><u>326,918</u></u>
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**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**INTERNAL SERVICE FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>SCC</u> <u>Interlocal</u>	<u>Pennsville</u> <u>Township</u> <u>Interlocal</u>	<u>Graphic</u> <u>Arts</u> <u>Academy</u>	<u>Creative</u> <u>Arts</u> <u>Academy</u>	<u>Quinton</u> <u>B.O.E.</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>						
Program Fees	\$ 64,308	\$ 10,650	\$ 208,770	\$ 267,940	\$ 53,285	\$ 604,953
<b>Total Operating Revenue</b>	<u>64,308</u>	<u>10,650</u>	<u>208,770</u>	<u>267,940</u>	<u>53,285</u>	<u>604,953</u>
<b>OPERATING EXPENSES:</b>						
Salaries	30,317		154,072	187,433	30,585	402,407
Employee Benefits			33,080	32,644		65,724
Other Purchased Services			10,421	28,533		38,954
Supplies and Materials			8,777	6,140		14,917
Other Objects				256		256
Depreciation			12,134	1,868		14,002
<b>Total Operating Expenses</b>	<u>30,317</u>		<u>218,484</u>	<u>256,874</u>	<u>30,585</u>	<u>536,260</u>
<b>Operating Income (Loss)</b>	<u>33,991</u>	<u>10,650</u>	<u>(9,714)</u>	<u>11,066</u>	<u>22,700</u>	<u>68,693</u>
<b>Non-Operating Sources and Uses:</b>						
Retained Earnings - July 1	33,280	18,500	170,242	33,357	2,846	258,225
<b>Retained Earnings - June 30</b>	<u>\$ 67,271</u>	<u>\$ 29,150</u>	<u>\$ 160,528</u>	<u>\$ 44,423</u>	<u>\$ 25,546</u>	<u>\$ 326,918</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 604,953
Payments to Employees and Employee Benefits	(468,131)
Payments to Suppliers	137,019
	<hr/>
Net Cash Provided by (Used for) Operating Activities	273,841
	<hr/>
Cash Flows from Non-Capital Financing Activities:	
Transfer to General Fund	
	<hr/>
Total Cash Flows from Non-Capital Financing Activities	-
	<hr/>
Net Increase/(Decrease) in Cash and Cash Equivalents	273,841
Cash and Cash Equivalents, July 1	69,070
	<hr/>
Cash and Cash Equivalents, June 30	\$ 342,911
	<hr/> <hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ 68,693
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Depreciation	14,002
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	9,822
Increase/(Decrease) in Accounts Payable	3,600
Increase/(Decrease) in Interfund Accounts Payable	
Increase/(Decrease) in Loans Payable	
Increase/(Decrease) in Due to General Fund	177,724
	<hr/>
Net Cash Used by Operating Activities	\$ 273,841
	<hr/> <hr/>

## **FIDUCIARY FUNDS DETAIL STATEMENTS**

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

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** – This agency fund is used to account for student funds held at the schools.

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



**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**FIDUCIARY FUND**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Agency</u>		<u>Total</u>
		<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 33,811	\$ 193,273	\$ 205,070	\$ 432,154
Total Assets	<u>\$ 33,811</u>	<u>\$ 193,273</u>	<u>\$ 205,070</u>	<u>\$ 432,154</u>
<b>LIABILITIES, RESERVES AND NET POSITION:</b>				
Payroll Deductions and Withholdings	\$	\$	\$ 33,144	\$ 33,144
Flexible Spending Reserve			18,252	18,252
Summer Payment Salaries and Wages Due to Student Groups			153,674	153,674
		193,273		193,273
Total Liabilities		<u>193,273</u>	<u>205,070</u>	<u>398,343</u>
Net Position:				
Held in Trust for Unemployment Claims and Other Purposes	33,811			33,811
Total Net Position	<u>33,811</u>			<u>33,811</u>
Total Liabilities and Net Position	<u>\$ 33,811</u>	<u>\$ 193,273</u>	<u>\$ 205,070</u>	<u>\$ 432,154</u>

EXHIBIT H-2

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN  
FIDUCIARY NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>
OPERATING REVENUES	
Deductions from Employees' Salaries	\$ 34,494
Interest Earned	27
	<hr/>
Total Operating Revenue	34,521
	<hr/>
OPERATING EXPENSES	
Total Deductions	22,776
	<hr/>
Total Operating Expenses	22,776
	<hr/>
Operating Income (Loss)	11,745
	<hr/>
Net Position - July 1	22,066
	<hr/>
Net Position - June 30	\$ 33,811
	<hr/> <hr/>

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**STUDENT ACTIVITY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1,</u> <u>2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30,</u> <u>2016</u>
Elementary Schools				
Central Park	\$ 2,198	\$ 425	\$ 117	\$ 2,506
Penn Beach	3,294	941	743	3,492
Valley Park	3,373	419	1,080	2,712
	<hr/>	<hr/>	<hr/>	<hr/>
Total Elementary Schools	8,865	1,785	1,940	8,710
	<hr/>	<hr/>	<hr/>	<hr/>
Junior High School				
Pennsville Middle School	16,372	3,746	6,082	14,036
	<hr/>	<hr/>	<hr/>	<hr/>
Total Middle School	16,372	3,746	6,082	14,036
	<hr/>	<hr/>	<hr/>	<hr/>
Senior High School				
Pennsville Memorial High School	150,505	272,563	252,541	170,527
Pennsville Athletic Fund		27,635	27,635	
	<hr/>	<hr/>	<hr/>	<hr/>
Total Senior High School	150,505	300,198	280,176	170,527
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	\$ 175,742	\$ 305,729	\$ 288,198	\$ 193,273
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 201,738	\$ 23,194,907	\$ 23,191,575	\$ 205,070
Total Assets	<u>\$ 201,738</u>	<u>\$ 23,194,907</u>	<u>\$ 23,191,575</u>	<u>\$ 205,070</u>
<b>LIABILITIES:</b>				
Net Payroll	\$	\$ 9,302,785	\$ 9,302,785	\$
Payroll Deductions & Withholdings	6,129	13,543,017	13,516,002	33,144
Interfund Accounts Payable	284		284	
Flexible Spending Reserve	17,022	8,220	6,990	18,252
Summer Payment Salaries and Wages	178,303	340,885	365,514	153,674
Total Liabilities	<u>\$ 201,738</u>	<u>\$ 23,194,907</u>	<u>\$ 23,191,575</u>	<u>\$ 205,070</u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**LONG TERM DEBT**  
**STATEMENT OF SERIAL BONDS**  
**JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
Various Improvements and Renovations to Central Park, Penn Beach and Valley Park Elementary Schools; Pennsville Middle School and Pennsville Memorial HighSchool; Equipment and Associate Site Work	2/17/16	\$ 20,900,000	9/1/17	\$ 1,200,000	2.00%	\$	\$ 20,900,000	\$	\$ 20,900,000
			9/1/18	700,000	2.00%				
			9/1/19	750,000	2.25%				
			9/1/20	800,000	2.25%				
			9/1/21	850,000	2.25%				
			9/1/22	900,000	2.25%				
			9/1/23	950,000	2.25%				
			9/1/24	1,000,000	2.50%				
			9/1/25	1,050,000	2.50%				
			9/1/26	1,150,000	2.50%				
			9/1/27	1,200,000	2.50%				
			9/1/28	1,250,000	2.50%				
			9/1/29-35	1,300,000	3.00%				
						\$	\$ 20,900,000	\$	\$ 20,900,000

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**GENERAL LONG-TERM ACCOUNT GROUP**  
**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES**  
**JUNE 30, 2016**

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, July 7, 1905</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, July 8, 1905</u>
			<u>Principal</u>	<u>Interest</u>					
Acquisition of Computers, Smart Boards, LCD Projectors and Energy Efficient Boilers	8/2/11	5 years	\$ 581,550	\$ 40,260	2.47%	\$ 182,036	\$	\$ 59,951	\$ 122,085
Purchase of Science Lab Equipment and Renovation of High School Science Lab	5/1/12	5 years	750,764	31,529	2.38%	150,384		74,747	75,637
Various Improvements to the Pennsville High School	5/13/14	5 years	1,200,000	49,078	1.61%	964,015		371,536	592,479
						<u>\$ 1,296,435</u>	<u>\$</u>	<u>\$ 506,234</u>	<u>\$ 790,201</u>

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

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ (12,697,942)	\$ 4,202,433	\$ 2,394,049	\$ 2,417,555	\$ 1,239,386	\$ 2,531,921	\$ 1,222,733	\$ (236,380)	\$ (698,426)	\$ (442,018)
Restricted	19,582,087	842,703	2,087,092	2,186,240	2,006,486	1,111,144	1,052,483	920,920	961,828	978,706
Unrestricted	(6,648,633)	(6,330,384)	(1,784,221)	(1,581,023)	(1,635,105)	(1,730,013)	(1,217,991)	(1,709,426)	(1,455,526)	(1,418,315)
<b>Total Governmental Activities Net Position</b>	<b>\$ 235,512</b>	<b>\$ (1,285,248)</b>	<b>\$ 2,696,920</b>	<b>\$ 3,022,772</b>	<b>\$ 1,610,767</b>	<b>\$ 1,913,052</b>	<b>\$ 1,057,225</b>	<b>\$ (1,024,886)</b>	<b>\$ (1,192,124)</b>	<b>\$ (881,627)</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 20,111	\$ 39,310	\$ 38,498	\$ 39,874	\$ 34,986	\$ 25,826	\$ 16,139	\$ 20,857	\$ 24,753	\$ 28,518
Restricted										
Unrestricted			12,601	24,633	54,969	16,866	40,126	(4,948)	(7,410)	(78,092)
<b>Total Business-Type Activities Net Position</b>	<b>\$ 20,111</b>	<b>\$ 39,310</b>	<b>\$ 51,099</b>	<b>\$ 64,507</b>	<b>\$ 89,955</b>	<b>\$ 42,692</b>	<b>\$ 56,265</b>	<b>\$ 15,909</b>	<b>\$ 17,343</b>	<b>\$ (49,574)</b>
<b>District-wide Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ (12,677,831)	\$ 4,241,743	\$ 2,432,547	\$ 2,457,429	\$ 1,274,372	\$ 2,557,747	\$ 1,238,872	\$ (215,523)	\$ (673,673)	\$ (413,500)
Restricted	19,582,087	842,703	2,087,092	2,186,240	2,006,486	1,111,144	1,052,483	920,920	961,828	978,706
Unrestricted	(6,648,633)	(6,330,384)	(1,771,620)	(1,556,390)	(1,580,136)	(1,713,147)	(1,177,865)	(1,714,374)	(1,462,936)	(1,496,407)
	<b>\$ 255,623</b>	<b>\$ (1,245,938)</b>	<b>\$ 2,748,019</b>	<b>\$ 3,087,279</b>	<b>\$ 1,700,722</b>	<b>\$ 1,955,744</b>	<b>\$ 1,113,490</b>	<b>\$ (1,008,977)</b>	<b>\$ (1,174,781)</b>	<b>\$ (931,201)</b>

Source: CAFR Schedule A-1



## **STATISTICAL SECTION**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*  
*(Unaudited)*

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 8,461,512	8,786,497	8,250,989	8,548,429	9,021,795	9,174,353	8,912,458	9,095,102	8,859,612	8,447,005
Special Education	2,706,249	2,601,154	2,666,345	2,569,675	2,484,988	2,447,378	2,474,232	2,535,103	2,300,124	2,017,643
Other Special Instruction	322,866	306,440	222,500	227,489	215,568	193,617	180,673	234,364	201,016	159,276
Other Instruction	1,163,229	1,034,293	1,050,172	937,070	1,088,855	1,227,484	1,184,051	1,025,926	950,046	942,463
<b>Support Services</b>										
Tuition	1,222,309	930,820	1,608,457	1,225,452	859,808	894,823	1,344,917	1,579,610	1,747,629	1,898,566
Student and Instruction Related Services	3,295,108	3,024,580	3,183,312	3,322,246	3,303,486	3,084,588	3,444,367	3,178,782	3,236,708	3,164,737
General and Business Administration	669,175	649,670	627,813	681,586	680,987	1,262,409	1,226,056	1,211,247	1,094,115	940,112
School Administrative Services	1,255,280	1,403,824	1,381,901	1,327,618	930,355	920,639	872,656	899,368	899,048	891,166
Central Services	419,505	389,746	374,769	381,669	365,581	358,838	349,523	340,326	331,562	304,127
Administrative Information Technology	244,064	218,615	249,148	310,434	331,290					
Plant Operations and Maintenance	2,802,953	2,277,076	3,112,268	2,843,147	2,895,403	2,732,052	2,567,790	2,527,592	2,732,083	2,672,418
Pupil Transportation	1,396,072	1,420,078	1,411,096	1,261,716	1,300,477	1,194,498	1,197,183	1,358,887	1,419,502	1,522,701
Other Support Services	12,221,353	6,753,509	7,292,506	7,308,903	6,428,462	6,198,514	6,174,499	5,827,638	7,063,274	6,522,157
Special Schools						2,308	108,750	72,682	101,362	109,509
Interest on Long-Term Debt	217,154	10,307	513	12,214	25,207	39,699	62,213	57,232	67,281	76,941
Unallocated Depreciation	80,275	354,211	308,453	260,016	248,000	213,586	201,483	183,795	198,903	204,952
<b>Total Governmental Activities Expenses</b>	<b>36,477,104</b>	<b>30,160,820</b>	<b>31,720,242</b>	<b>31,217,664</b>	<b>30,180,262</b>	<b>29,944,786</b>	<b>30,300,851</b>	<b>30,127,654</b>	<b>31,202,265</b>	<b>29,873,793</b>
<b>Business-Type Activities</b>										
<b>Food Service</b>										
	675,221	664,682	637,617	659,151	648,243	611,521	583,527	582,919	585,604	563,305
<b>Total Business-Type Activities Expense</b>	<b>675,221</b>	<b>664,682</b>	<b>637,617</b>	<b>659,151</b>	<b>648,243</b>	<b>611,521</b>	<b>583,527</b>	<b>582,919</b>	<b>585,604</b>	<b>563,305</b>
<b>Total District Expenses</b>	<b>\$ 37,152,325</b>	<b>30,825,502</b>	<b>32,357,859</b>	<b>31,876,815</b>	<b>30,828,505</b>	<b>30,556,307</b>	<b>30,884,378</b>	<b>30,710,573</b>	<b>31,787,869</b>	<b>30,437,098</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for Services - Instruction (Tuition)	\$ 604,953	614,946	592,269	644,753	673,440	761,469	748,761	640,372	488,187	514,255
Operating Grants and Contributions	2,927,881	2,879,293	3,408,167	3,684,433	3,134,513	3,028,881	3,999,932	3,410,593	4,676,135	4,541,688
<b>Total Governmental Activities Prog Revenues</b>	<b>3,532,834</b>	<b>3,494,239</b>	<b>4,000,436</b>	<b>4,329,186</b>	<b>3,807,953</b>	<b>3,790,350</b>	<b>4,748,693</b>	<b>4,050,965</b>	<b>5,164,322</b>	<b>5,055,943</b>
<b>Business-Type Activities</b>										
<b>Charges for Services</b>										
Food Service	328,832	345,167	355,732	368,799	410,109	351,712	386,030	385,132	439,480	416,914
Operating Grants and Contributions	318,978	290,717	268,477	264,903	278,725	242,880	237,853	196,531	213,042	224,947
<b>Total Business-Type Activities Prog Revenues</b>	<b>647,810</b>	<b>635,884</b>	<b>624,209</b>	<b>633,702</b>	<b>688,834</b>	<b>594,592</b>	<b>623,883</b>	<b>581,663</b>	<b>652,522</b>	<b>641,861</b>
<b>Total District Program Revenues</b>	<b>\$ 4,180,644</b>	<b>4,130,123</b>	<b>4,624,645</b>	<b>4,962,888</b>	<b>4,496,787</b>	<b>4,384,942</b>	<b>5,372,576</b>	<b>4,632,628</b>	<b>5,816,844</b>	<b>5,697,804</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ 32,944,270	26,666,081	(27,719,806)	(26,888,478)	(26,372,309)	(26,154,436)	(25,552,158)	(26,076,689)	(26,037,943)	(24,817,850)
Business-Type Activities	(27,411)	28,798	(13,408)	(25,449)	40,591	(16,929)	40,356	(1,256)	66,918	78,556
<b>Total District-Wide Net Expense</b>	<b>\$ 32,916,859</b>	<b>26,694,879</b>	<b>(27,733,214)</b>	<b>(26,913,927)</b>	<b>(26,331,718)</b>	<b>(26,171,365)</b>	<b>(25,511,802)</b>	<b>(26,077,945)</b>	<b>(25,971,025)</b>	<b>(24,739,294)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes Levied for General Purposes, T	\$ 19,610,791	18,968,608	18,596,675	18,232,034	17,874,543	17,524,062	17,226,469	17,032,091	17,557,343	16,884,103
Taxes Levied for Debt Service			206,967	208,838	210,678	212,653	201,769	203,727	205,493	207,278
Unrestricted Grants and Contributions	14,353,051	8,917,099	8,643,567	8,625,509	8,678,128	7,914,969	9,141,616	8,719,315	8,301,357	8,052,343
Restricted Grants and Contributions			64,992		589,340	255,526				
Tuition Received	172,231	127,810	87,733	161,614	152,888	120,125	144,321	75,138	54,280	16,949
Transportation Fees from Individuals	32,989	58,571	55,705	59,014	57,801	57,110		76,823	80,147	72,519
Investment Earnings	16,714	3,679	3,611	5,569	8,169	9,726	11,749	39,797	134,223	98,722
Miscellaneous Income	300,924	176,275	27,709	353,234	394,969	292,267	133,460	173,835	138,546	93,060
Transfers	(11,937)	(17,009)							(50,000)	(75,000)
Fixed Asset Additions, Disposals, Prior Period Adjustments	(9,733)		886,076	559,514	(662,889)	343,647	605,445	(26,869)	31,465	18,370
Capital Lease Issued			(1,200,000)		(1,332,314)				(838,000)	(505,000)
Capital Lease Adjustment							213,358			
Compensated Absences (Increase)/reduction			20,919	95,157	98,711	280,177	(43,917)	(49,930)	112,592	(106,848)
<b>Total Governmental Activities</b>	<b>34,465,030</b>	<b>28,235,033</b>	<b>27,393,954</b>	<b>28,300,483</b>	<b>26,070,024</b>	<b>27,010,262</b>	<b>27,634,270</b>	<b>26,243,927</b>	<b>25,727,446</b>	<b>24,756,496</b>
<b>Business-Type Activities</b>										
<b>Miscellaneous Income</b>										
Fixed Asset Disposals and Prior Period Adjustments	(3,725)				5,009					
Transfers	11,937	17,009			1,464	3,357		(178)		11,187
<b>Total Business-Type Activities</b>	<b>8,212</b>	<b>17,009</b>			<b>6,473</b>	<b>3,357</b>		<b>(178)</b>		<b>11,187</b>
<b>Total District-Wide</b>	<b>\$ 34,473,242</b>	<b>28,252,042</b>	<b>27,393,954</b>	<b>28,300,483</b>	<b>26,076,497</b>	<b>27,013,619</b>	<b>27,634,270</b>	<b>26,243,749</b>	<b>25,727,446</b>	<b>24,767,683</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,520,760	1,568,952	(325,852)	1,412,005	(302,285)	855,826	2,082,112	167,238	(310,497)	(61,354)
Business-Type Activities	(19,199)	(11,789)	(13,408)	(25,449)	47,064	(13,572)	40,356	(1,434)	66,918	89,743
<b>Total District-Wide</b>	<b>\$ 1,501,561</b>	<b>1,557,163</b>	<b>(339,260)</b>	<b>1,386,556</b>	<b>(255,221)</b>	<b>842,254</b>	<b>2,122,468</b>	<b>165,804</b>	<b>(243,579)</b>	<b>28,389</b>

Source: CAFR Schedule A-2

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*  
*(Unaudited)*

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	\$	\$	\$	\$	\$	\$	\$ 1,737,489	\$ 1,046,060	\$ 911,588	\$ 1,057,765
Unreserved							(276,773)	(238,144)	200,059	223,486
Restricted	539,944	1,137	77,650	79,089	99,189	222,964				
Assigned	488,588	1,403,984	667,455	1,495,183	133,860	706,024				
Unassigned	(197,144)	(389,220)	(442,214)	(212,450)	(165,361)	(156,957)				
<b>Total General Fund</b>	<b>\$ 831,388</b>	<b>\$ 1,015,901</b>	<b>\$ 302,891</b>	<b>\$ 1,361,822</b>	<b>\$ 67,688</b>	<b>\$ 772,031</b>	<b>\$ 1,460,716</b>	<b>\$ 807,916</b>	<b>\$ 1,111,647</b>	<b>\$ 1,281,251</b>
All Other Governmental Funds										
Assigned	\$	\$ 88,706	\$	\$	\$	\$	\$	\$	\$	\$
Unassigned, reported in:										
Special Revenue Fund			(86,697)	(79,059)	(78,660)	(74,232)	(74,412)	(71,996)	(168,930)	(137,930)
Capital Projects Fund	18,954,570		62,124	62,124	535,196	626,408	451,965	42,976	72,058	26,215
Debt Service Fund							8,749	8,750		31,898
Permanent Fund	88,720	13								
<b>Total All Other Governmental Funds</b>	<b>\$ 19,043,290</b>	<b>\$ 88,719</b>	<b>\$ (24,573)</b>	<b>\$ (16,935)</b>	<b>\$ 456,536</b>	<b>\$ 552,176</b>	<b>\$ 377,553</b>	<b>\$ (20,271)</b>	<b>\$ (88,122)</b>	<b>\$ (79,817)</b>

Source: CAFR Schedule B-1

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues</b>										
Tax Levy	\$ 19,610,791	\$ 18,968,608	\$ 18,803,642	\$ 18,440,872	\$ 18,085,221	\$ 17,736,715	\$ 17,428,238	\$ 17,235,818	\$ 17,762,836	\$ 17,091,381
Tuition Charges	172,231	127,810	87,733	161,614	152,888	120,125	144,321	75,138	54,280	16,949
Transportation Charges	32,989	58,571	55,705	59,014	57,801	57,110		76,823	80,147	72,519
Interest Earnings	16,714	3,679	3,611	5,569	8,169	9,726	10	39,797	134,223	98,722
Miscellaneous	300,924	176,275	27,709	373,996	394,969	321,023	842,889	416,404	317,970	129,728
State Sources	12,742,683	11,555,209	11,167,790	11,394,253	11,146,578	10,169,491	9,949,755	10,853,862	12,012,370	11,626,536
Federal Sources	794,024	907,416	948,936	902,726	1,255,403	1,001,129	2,494,102	1,033,478	785,698	848,894
<b>Total Revenues</b>	<b>33,670,356</b>	<b>31,797,568</b>	<b>31,095,126</b>	<b>31,338,044</b>	<b>31,101,029</b>	<b>29,415,319</b>	<b>30,859,315</b>	<b>29,731,320</b>	<b>31,147,524</b>	<b>29,884,729</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	8,455,906	8,786,497	8,250,988	8,548,429	9,021,795	9,174,353	8,912,458	9,095,102	8,859,612	8,447,005
Special Education Instruction	2,705,519	2,601,154	2,666,345	2,569,676	2,484,988	2,447,378	2,474,232	2,535,102	2,300,124	2,017,644
Other Special Instruction	322,866	306,440	222,500	227,489	215,568	193,617	180,673	234,364	201,016	159,276
Other Instruction	519,059	481,560	467,418	468,408	438,538	439,223	484,591	437,457	460,264	415,084
<b>Support Services</b>										
Tuition	1,222,309	930,820	1,608,457	1,225,452	859,808	894,823	1,344,917	1,579,610	1,747,629	1,898,566
Student and Instruction Related Services	3,292,386	3,024,580	3,183,312	3,209,515	3,303,486	3,084,588	3,444,367	3,178,782	3,236,708	3,164,736
General Administration	661,695	649,670	627,813	681,586	680,987	611,374	617,705	637,145	557,040	454,868
School Administrative Services	1,255,280	1,403,824	1,361,901	1,327,618	1,295,935	1,279,476	1,222,180	1,239,694	1,230,610	1,195,293
Central Services	419,505	389,746	374,769	381,669	365,581	358,837	349,523	340,326	331,562	304,127
Administrative Information Technology	244,064	218,614	249,148	310,434	331,290	292,198	258,827	233,776	205,513	181,117
Plant Operations and Maintenance	2,696,540	2,576,717	3,112,268	2,843,147	2,529,822	2,732,052	2,567,790	2,723,021	3,200,079	2,768,646
Pupil Transportation	1,396,072	1,420,078	1,411,096	1,261,716	1,300,477	1,194,498	1,197,183	1,358,887	1,419,502	1,522,701
Employee Benefits	8,259,660	7,515,131	7,292,506	7,308,903	6,428,462	6,198,514	6,174,499	5,827,638	7,063,274	6,522,157
<b>Special Schools</b>										
Capital Outlay	4,337,500	1,864,831	2,706,628	625,047	2,002,278	917,673	578,652	248,953	898,065	555,124
<b>Debt Service</b>										
Principal			270,991	261,424	252,314	243,850	235,802	228,329	220,969	214,021
Interest and Other Charges			6,160	18,228	29,802	40,911	51,583	61,845	71,715	81,207
<b>Total Expenditures</b>	<b>35,788,361</b>	<b>32,169,662</b>	<b>33,812,300</b>	<b>31,268,741</b>	<b>31,541,131</b>	<b>30,105,673</b>	<b>30,203,732</b>	<b>30,032,713</b>	<b>32,105,043</b>	<b>30,011,081</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(2,118,005)	(372,094)	(2,717,174)	69,303	(440,102)	(690,354)	655,583	(301,393)	(957,519)	(126,352)
<b>Other Financing Sources (Uses)</b>										
Bond Proceeds	20,900,000									
Proceeds from Capital Lease			1,178,748							
Capital Leases			1,200,000		1,332,314				838,000	505,000
Transfers In		8,538	1			325,516	1			
Transfers Out	(11,937)	(17,009)	(1)			(325,516)	(1)		(50,000)	(75,000)
<b>Total Other Financing Sources (Uses)</b>	<b>20,888,063</b>	<b>(8,471)</b>	<b>2,378,748</b>		<b>1,332,314</b>				<b>788,000</b>	<b>430,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ 18,770,058</b>	<b>\$ (380,565)</b>	<b>(338,426)</b>	<b>\$ 69,303</b>	<b>\$ 892,212</b>	<b>\$ (690,354)</b>	<b>\$ 655,583</b>	<b>\$ (301,393)</b>	<b>(169,519)</b>	<b>\$ 303,648</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	0.00%	0.00%	0.89%	0.91%	0.96%	0.98%	0.97%	0.97%	0.94%	1.00%

Source: CAFR Schedule B-2

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investment</u>	<u>Transportation</u> <u>Fees</u>	<u>Solar</u> <u>Renewable</u> <u>Credits</u>	<u>Prior Year</u> <u>Tuition</u> <u>and</u> <u>Transportation</u>	<u>Prior Year</u> <u>Order</u> <u>Adjustments</u>	<u>Miscellaneous</u>	<u>Total</u>
2016	\$ 172,231	\$ 10,382	\$ 32,989	\$ 63,940	\$ 96,054	\$ 78,195	\$ 62,735	\$ 516,526
2015		3,669	58,571	44,480	91,003	28,601	12,200	238,524
2014	87,733	3,611	55,705				27,709	174,758
2013	161,614	5,569	59,014				373,996	600,193
2012	152,888	8,169	57,801				394,969	613,827
2011	120,125	9,726	57,110	73,656			218,327	478,944
2010	144,321	11,464					133,460	289,245
2009	75,138	39,797	76,823				173,310	365,068
2008	54,280	133,640	80,147				138,546	406,613
2007	16,949	98,144	72,519				93,060	280,672

Source: District Records

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities*	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate**
2016	\$ 21,416,297	\$ 726,819,334	\$ 10,285,200	\$ 1,558,200	\$ 108,446,400	\$ 151,114,500	\$ 30,360,100	\$ 1,050,000,031	\$ 1,511,704	\$ 1,051,511,735	\$ 997,620,210	1.92
2015	21,897,997	729,661,534	10,492,000	1,562,200	126,578,900	153,447,700	29,973,300	1,073,613,631	1,539,239	1,075,152,870	1,115,270,411	1.80
2014	21,943,897	731,985,434	10,730,400	1,557,600	129,111,400	166,993,000	29,973,300	1,092,295,031	1,451,982	1,093,747,013	1,179,652,954	1.73
2013	22,701,800	733,533,934	10,992,200	1,685,200	132,021,500	166,993,000	30,560,300	1,098,487,934	1,813,332	1,100,301,266	1,232,034,873	1.69
2012	23,648,600	734,678,147	11,129,700	1,685,200	134,762,900	177,993,000	30,560,300	1,114,457,847	2,051,986	1,116,509,833	1,264,372,477	1.64
2011	21,956,000	741,079,700	11,909,600	1,734,900	147,404,300	202,993,000	32,747,600	1,159,825,100	2,592,983	1,162,418,083	1,412,292,003	1.56
2010	12,901,600	480,612,100	7,092,900	2,076,100	80,069,400	150,325,900	17,513,000	750,591,000	1,552,472	752,143,472	1,353,383,538	2.30
2009	13,368,800	478,692,500	6,828,900	2,082,600	80,085,400	150,160,900	17,513,000	748,732,100	1,635,282	750,367,382	1,171,277,265	2.30
2008	15,202,700	476,113,800	6,655,800	2,027,200	79,372,000	150,155,900	17,513,000	747,040,400	1,727,963	748,768,363	1,041,316,420	2.32
2007	16,656,700	466,826,800	6,603,600	2,005,300	77,276,300	151,673,600	17,513,000	738,555,300	1,947,019	740,502,319	889,706,019	2.17

Note: real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation

Source: District records Tax list summary & Municipal Tax Assessor

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

\*\*Tax rates are per \$100

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
*(Rate Per \$100 of Assessed Value)*  
*(UNAUDITED)*

**Township of Pennsville**

Year Ended June 30,	District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate *	General Obligation Debt Service **	Total Direct School Tax Rate	Municipality	County	
2016	\$ 1.924	\$ 0.000	\$ 1.924	\$ 0.698	\$ 1.005	\$ 3.627
2015	1.795	0.019	1.795	0.673	1.012	3.480
2014	1.709	0.019	1.727	1.600	0.864	4.191
2013	1.674	0.019	1.693	1.512	0.946	4.151
2012	1.617	0.019	1.636	1.450	0.940	4.026
2011	1.540	0.018	1.558	1.420	0.920	3.898
2010	2.277	0.027	2.304	1.340	0.870	4.514
2009	2.270	0.027	2.297	1.130	0.900	4.327
2008	2.280	0.040	2.320	2.120	1.730	6.170
2007	2.136	0.033	2.169	1.800	1.550	5.519

Source: District Records and Municipal Tax Collector

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

\* The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

\*\* Rates for Debt Service are based on each year's requirements.

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
*(UNAUDITED)*

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
The Chemours Company FC LLC	124,000,000	1	11.82%			
ACP Pennsville Association	16,925,600	2	1.61%			
Calpine New Jersey Generation, LLC	15,865,800	3	1.51%			
Siegfried USA, LLC	13,581,900	4	1.29%			
Pennsville Acquisition, LLC	12,697,300	5	1.21%			
Orchard Court Association	8,752,200	6	0.83%			
HP PVL LLC Et Al C/O Metro Prop.	8,500,000	7	0.81%			
Pennsville Hotel Corporation	6,500,000	8	0.62%			
Penn Norse, LLC	3,650,000	9	0.35%			
M & P Ree, LLC	3,606,600	10	0.34%			
Total	<u>\$ 214,079,400</u>		<u>20.40%</u>	<u>\$ -</u>		<u>0.00%</u>

Source: Municipal Tax Assessor



**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected Within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
		<b>Amount</b>	<b>% of Levy</b>	
2016	\$ 19,610,791	\$ 19,610,791	100.00%	\$
2015	18,968,608	18,968,608	100.00%	
2014	18,803,642	18,803,642	100.00%	
2013	18,440,872	18,440,872	100.00%	
2012	18,085,221	18,085,221	100.00%	
2011	17,736,715	17,736,715	100.00%	
2010	17,428,238	17,428,238	100.00%	
2009	17,235,818	17,235,818	100.00%	
2008	17,762,836	17,762,836	100.00%	
2007	17,091,381	17,091,381	100.00%	

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Capital Leases			
2016	\$ 20,900,000	\$ 790,201	\$ 21,690,201	3.93%	501
2015		790,201	790,201	0.14%	18
2014		1,796,975	1,796,975	0.32%	42
2013	270,991	855,241	1,126,232	0.21%	85
2012	532,414	1,107,335	1,639,749	0.30%	123
2011	784,728		784,728	0.14%	59
2010	1,028,578	270,052	1,298,630	0.25%	98
2009	1,264,380	583,347	1,847,727	0.36%	138
2008	1,492,710	778,776	2,271,486	0.44%	170
2007	1,713,679	408,772	2,122,451	0.43%	161

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

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<b>Fiscal Year Ended June 30,</b>	<b>General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property*</b>	<b>Per Capita**</b>
2016	\$ 20,900,000 \$	2.09%	\$ 1,621
2015		0.00%	0
2014		0.00%	0
2013	270,991	0.02%	20
2012	532,414	0.05%	40
2011	784,728	0.07%	59
2010	1,028,578	0.14%	77
2009	1,264,380	0.17%	95
2008	1,492,710	2.00%	112
2007	1,713,679	0.23%	130

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

\* See Exhibit NJ J-6 for property tax data.

\*\* Population data can be found in Exhibit J-43.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2016**  
*(UNAUDITED)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Pennsville Township	\$ 5,221,659		\$ 5,221,659
Salem County General Obligation Debt	40,394,432	20.84%	8,419,561
Subtotal, Overlapping Debt			<u>13,641,220</u>
<b>District's Direct Debt</b>			
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 13,641,220</u></u>

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

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

Local Debt Margin Calculation for Fiscal Year 2016:

Equalized valuation basis:		
2015	\$	1,022,002,505
2014		1,073,192,210
2013		1,122,968,651
	\$	<u>3,218,163,366</u>
Average equalized valuation of taxable property	\$	1,072,721,122
Debt Limit (4% of average equalized value)*		42,908,845
Net Bonded Debt		<u>20,900,000</u>
Local Debt Margin	\$	<u>22,008,845</u>

**Fiscal Year Ending June 30,**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt Limit	\$ 42,908,845	\$ 45,058,170	\$ 47,146,163	\$ 48,911,352	\$ 50,927,114	\$ 51,576,593	\$ 50,423,603	\$ 46,358,334	\$ 41,008,072	\$ 36,643,363
Total Net Debt Applicable to Limit	20,900,000			270,991	532,414	784,728	1,028,578	1,264,380	1,492,710	1,713,679
Legal Debt Margin	\$ <u>22,008,845</u>	\$ <u>45,058,170</u>	\$ <u>47,146,163</u>	\$ <u>48,640,361</u>	\$ <u>50,394,700</u>	\$ <u>50,791,865</u>	\$ <u>49,395,025</u>	\$ <u>45,093,954</u>	\$ <u>39,515,362</u>	\$ <u>34,929,684</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	48.71%	0.00%	0.00%	0.55%	1.05%	1.52%	2.04%	2.73%	3.64%	4.68%

Source: Equalized valuation bases were obtained from the annual report of the State of New Jersey, Department of Treasury, Division of Taxation

\* Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>Year</u>	<u>Population*</u>	<u>Personal Income (thousands of dollars)**</u>	<u>Per Capita Personal Income***</u>	<u>Unemployment Rate****</u>
2016	** 12,891	\$ 557,922,796	\$ 43,280	6.5%
2015	12,827	552,385,135	43,064	6.4%
2014	12,935	554,264,750	42,850	7.3%
2013	13,030	537,643,860	41,262	7.8%
2012	13,174	537,723,158	40,817	7.6%
2011	13,310	543,287,580	40,818	8.0%
2010	13,377	527,856,420	39,460	7.6%
2009	13,303	516,355,945	38,815	4.4%
2008	13,349	519,169,308	38,892	3.4%
2007	13,350	488,743,500	36,610	3.4%

**Source:**

\* Population information provided by the NJ Dept 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.

\*\*\*\*Unemployment data provided by the NJ Dept of Labor and Workforce Development

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
*(UNAUDITED)*

**TOWNSHIP OF PENNSVILLE**

<b>Employer</b>	<b>2016</b>		<b>2007</b>	
	<b>Employees</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>
PSEG Nuclear	1,300	N/A	N/A	N/A
El duPont	1,250	N/A	N/A	N/A
Mannington Mills, Inc.	826	N/A	N/A	N/A
Memorial Hospital of Salem County	600	N/A	N/A	N/A
Atlantic City Electric	426	N/A	N/A	N/A
R.E. Pierson Construction	400	N/A	N/A	N/A
Anchor Glass	361	N/A	N/A	N/A
McLane NJ	352	N/A	N/A	N/A
Elmer Hospital	350	N/A	N/A	N/A
Wal-Mart	256	N/A	N/A	N/A
	<b>6,121</b>			

Source: Salem County Office of Development

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

N/A - Information not available

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction										
Regular and Special Education	167.0	166.5	166.5	166.5	163.5	163.0	166.0	181.0	167.0	172.0
Other Special Education	34.0	33.0	33.0	33.0	36.0	36.0	38.0	38.0	32.0	28.0
Other Instruction	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	11.0	11.0
Support Services:										
Student & Instruction Related Services	15.0	15.0	15.0	15.0	16.0	16.0	16.0	12.0	17.0	16.0
General Administrative Services	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0
Other Administrative Services	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.0	6.0	6.0
School Administrative Services	15.5	15.5	15.5	15.5	15.5	15.5	15.5	20.0	18.0	18.0
Business Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Administrative Information Technology	4.5	4.5	4.5	4.5	4.0	4.0	4.0	3.0	3.0	3.0
Plant Operations and Maintenance	5.0	5.0	5.0	5.0	5.5	5.5	5.0	31.0	30.0	30.0
Total	<u>267.5</u>	<u>266.0</u>	<u>266.0</u>	<u>267.0</u>	<u>266.5</u>	<u>270.0</u>	<u>311.0</u>	<u>291.0</u>	<u>291.0</u>	<u>291.0</u>

Source: District Personnel Records



**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures*	Cost Per Pupil	Percentage Change	Teaching Staff**	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)***	Average Daily Attendance (ADA)***	% Change in Average Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2016	1,789.0	\$ 34,966,080	\$ 19,545	17.67%	198	1 : 12	1 : 10	1 : 9	1,756.0	1,675.5	-3.70%	95.41%
2015	1,790.0	31,259,846	17,464	5.14%	199	1 : 12	1 : 10	1 : 9	1,762.0	1,674.4	-3.37%	95.03%
2014	1,856.0	30,828,521	16,610	4.59%	199	1 : 12	1 : 9.7	1 : 9.3	1,823.5	1,738.9	-4.63%	95.36%
2013	1,912.0	30,364,042	15,881	6.01%	199	1 : 13	1 : 10.7	1 : 10.3	1,912.0	1,779.7	-2.10%	93.08%
2012	1,953.0	29,256,238	14,980	5.63%	198	1 : 15	1 : 10.6	1 : 8.9	1,953.0	1,838.7	4.80%	94.15%
2011	2,038.0	28,903,240	14,182	4.57%	198	1 : 12.3	1 : 11	1 : 8	1,863.6	1,757.3	-13.85%	94.30%
2010	2,163.1	29,337,695	13,563	-9.20%	206	1 : 12.3	1 : 11.2	1 : 9.2	2,163.1	2,032.2	14.60%	93.95%
2009	1,974.5	29,493,586	14,937	-1.07%	212	1 : 12.9	1 : 11.2	1 : 9.2	1,887.6	1,789.4	-7.81%	94.80%
2008	2,047.5	30,914,295	15,099	6.38%	201	1 : 13.3	1 : 11	1 : 10.2	2,047.5	1,849.3	-0.34%	90.32%
2007	2,054.5	29,160,728	14,194	9.38%	202	1 : 14	1 : 11.2	1 : 9.6	2,054.5	1,943.3	-1.73%	94.59%

Sources: 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).

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>District Building</b>										
<b>Administrative Offices:</b>										
Square Feet	42,096	42,096	42,096	42,096	42,096	42,096	42,096	42,096	42,096	42,096
Capacity (Students)										
Enrollment										
<b>Elementary</b>										
Central Park Elementary School (1956):										
Square Feet	34,960	34,960	34,960	34,960	34,960	34,960	34,960	34,960	34,960	34,960
Capacity (students)	419	419	419	419	419	419	419	419	419	419
Enrollment	267	241	259	306	274	259	259	251	257	264
Penn Beach Elementary School (1964):										
Square Feet	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330
Capacity (students)	514	514	514	514	514	514	514	514	514	514
Enrollment	262	282	265	272	294	326	326	365	388	364
Valley Park Elementary School (1969):										
Square Feet	61,132	61,132	61,132	61,132	61,132	61,132	61,132	61,132	61,132	61,132
Capacity (students)	526	526	526	526	526	526	526	526	526	526
Enrollment	283	303	323	305	295	321	321	318	320	317
<b>Middle School</b>										
Pennsville Middle School (1959)										
Square Feet	98,938	98,938	98,938	98,938	98,938	98,938	98,938	98,938	98,938	98,938
Capacity (students)	984	984	984	984	984	984	984	984	984	984
Enrollment	423	423	458	451	446	473	473	495	502	518
<b>High School</b>										
Pennsville Memorial High School										
Square Feet	158,426	158,426	158,426	158,426	158,426	158,426	158,426	158,426	158,426	158,426
Capacity (students)	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134
Enrollment	554	541	551	571	596	554	554	538	556	584

Number of Schools at June 30, 2016

Elementary = 3  
Middle School = 1  
High School = 1  
Other = 1

Source: District records, ASSA

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED MAINTENANCE**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District Office	42,096	\$ 7,257	\$ 4,327	17,775	\$ 31,886	\$ 3,715	\$ 49,630	\$ 8,005	\$ 15,353	\$ 28,568	\$ 24,126
Pennsville Memorial High School	158,426	97,866	58,350	239,675	177,323	45,447	32,550	52,048	97,311	118,760	177,057
Pennsville Middle School	98,938	18,964	11,307	46,444	65,066	36,179	16,449	26,405	25,268	71,151	39,416
Central Park Elementary School	34,960	16,908	10,081	41,407	46,334	840	29,143	3,955	5,411	6,728	29,995
Penn Beach Elementary School	36,330	50,130	29,889	58,860	29,860	17,401	117,913	28,878	37,431	30,463	62,333
Valley Park Elementary School	61,132	24,036	14,330	122,770	39,404	15,212	48,916	30,378	47,434	16,059	25,279
Total School Facilities		<u>215,161</u>	<u>128,284</u>	<u>526,931</u>	<u>389,873</u>	<u>118,794</u>	<u>294,601</u>	<u>149,669</u>	<u>228,208</u>	<u>271,729</u>	<u>358,206</u>
Grand Total		<u>\$ 215,161</u>	<u>\$ 128,284</u>	<u>526,931</u>	<u>\$ 389,873</u>	<u>\$ 118,794</u>	<u>\$ 294,601</u>	<u>\$ 149,669</u>	<u>\$ 228,208</u>	<u>\$ 271,729</u>	<u>\$ 358,206</u>

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2016  
(UNAUDITED)**

	<u>Coverage</u>	<u>GCSSDJIF Self Insured Retention</u>	<u>Deductible</u>
School package policy - Gloucester, Cumberland, Salem School Districts Joint Insurance Fund*:			
Property, Inland Marine and Automobile physical damages	\$ 150,000,000	\$ 250,000	\$ 500
Property Valuation			
Buildings and Contents	Replacement Cost	N/A	N/A
Contractors Equipment	Actual Cash Value	N/A	N/A
Automobiles	Replacement Cost	N/A	N/A
Boiler and Machinery	125,000,000	None	1,000
Crime	500,000	250,000	500
General Automobile Liability	20,000,000	250,000	None
Worker's Compensation	Statutory	250,000	None
Educator's Legal Liability	20,000,000	175,000	None
Pollution Legal Liability	3,000,000	None	25,000
Cyber Liability	1,000,000	None	25,000
Public Employees' Faithful Performance Blanket			
Position Bond - Ohio Casualty Insurance:			
Board Secretary/Business Administrator	10,000		N/A
Treasurer of School Monies	140,000		N/A
* Excess and reinsurance carries involved:			
Property and Crime			<p>SPELLJIF, Great American Insurance Company                      Axis Surplus Insurance Company                      Westchester Fire Insurance Co.  <b>Alterra Excess &amp; Surplus Insurance Co.</b>                      Ironshore Specialty Insurance Company                      Steadfast Insurance Company                      RSUI Indemnity Company                      James River Insurance Company  <b>BRIT / Lloyd's of London</b>                      Arch Specialty Insurance Company                      SPELLJIF, Great American Insurance Company                      SPELLJIF, Great American Insurance Company,                      Safety National Corp.                      SPELLJIF, Great American Insurance Company  <b>General Reinsurance Corp.</b></p>
General Liability and Automobile Liability			<p>Travelers Insurance Company                      Arch Specialty Insurance Company                      SPELLJIF, Great American Insurance Company                      SPELLJIF, Great American Insurance Company,                      Safety National Corp.                      SPELLJIF, Great American Insurance Company  <b>General Reinsurance Corp.</b></p>
Workers Compensation			<p>Travelers Insurance Company                      Arch Specialty Insurance Company                      SPELLJIF, Great American Insurance Company                      SPELLJIF, Great American Insurance Company,                      Safety National Corp.                      SPELLJIF, Great American Insurance Company  <b>General Reinsurance Corp.</b></p>
Educator's Legal Liability			<p>Travelers Insurance Company                      Arch Specialty Insurance Company                      SPELLJIF, Great American Insurance Company                      SPELLJIF, Great American Insurance Company,                      Safety National Corp.                      SPELLJIF, Great American Insurance Company  <b>General Reinsurance Corp.</b></p>
Group Purchase of primary insurance coverage carrier array:			
Boiler and Machinery			Travelers Insurance Company
Pollution Legal Liability			AIG/Commerce and Industry Insurance Company
Cyber Liability			AIG/ Lexington Insurance Company, Inc.
Violent Malicious Acts			<b>Lloyd's of London</b>
Public Employees' Faithful Performance Blanket			
Position Bond - Selective Insurance Company:			
Board Secretary/Business Administrator	10,000	N/A	N/A
Treasurer of School Monies	250,000	N/A	N/A
Student Accident Insurance - AIG Educational Markets	5,000,000	N/A	None
Volunteer Workers Policy - Markel Insurance Company	1,000,000	N/A	None

Source: District Records

**SINGLE AUDIT SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

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

### INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Pennsville Township School District  
County of Salem, New Jersey 08079

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Pennsville Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board of Education of the Pennsville Township's basic financial statements and have issued our report thereon dated November 23, 2016. 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Pennsville Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures 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 Pennsville Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pennsville Township Board of Education's internal control over financial reporting.

*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 over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Pennsville Township Board of Education'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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

This report is intended solely for the information and use of management, the Pennsville Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915  
November 23, 2016

# NIGHTLINGER, COLAVITA & VOLPA

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE  
OF EXPENDITURES REQUIRED BY THE UNIFORM ADMINISTRATIVE REQUIREMENTS,  
COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS  
(UNIFORM GUIDANCE) AND NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Pennsville Township School District  
County of Salem, New Jersey 08079

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

We have audited the Board of Education of the Pennsville Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Pennsville Township School District's major federal and state programs for the fiscal year ended June 30, 2016. The Pennsville Township Board of Education'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 each of its major federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Pennsville Township Board of Education's major federal and state compliance based on our audit of the types of compliance requirements referred 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; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 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 Pennsville Township Board of Education'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. Our audit does not provide a legal determination of Pennsville Township Board of Education's compliance with those requirements.



**Opinion on Each Major Program**

In our opinion, the Board of Education of the Pennsville Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

**Report on Internal Control Over Compliance**

Management of the Pennsville Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to major federal and state programs. In planning and performing our audit, we considered Pennsville Township Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance in accordance with Uniform Guidance and New Jersey OMB 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 Pennsville Township School District Board of Education's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 23, 2016. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB 15-08.

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915  
November 23, 2016

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SCHEDULE A  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor / Program Title	CFDA Number	Federal FAIN Number	State Project Number	Grant Period From To	Program or Award Amount	June 30, 2015				Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures	Adj.	June 30, 2016		
						Accounts Receivable	Deferred Revenue	Due to Grantor	Cash Received					(Accounts Receivable)	Unearned Revenue	Due to Grantor
<b>General Fund</b>																
U.S. Department of Education: Passed-through State Department of Education Medical Assistance Program (SEMI)																
	93.778	1605NJ5MAP	N/A	7/1/15-6/30/16	\$ 37,590	\$	\$	\$	\$ 37,590	\$ (37,590)	\$	\$ (37,590)	\$	\$	\$	
Total General Fund																
<b>Special Revenue Fund:</b>																
U.S. Department of Education Passed-through State Department of Education: Special Revenue Fund:																
Title I - Part A	84.010A	S010A150030	NCLB407516	7/1/15-6/30/16	320,817				67,341	(213,666)		(213,666)		(146,325)		
Title I - Part A	84.010A	S010A150030	NCLB407515	7/1/14-6/30/15	282,844	(68,886)			98,954	(30,068)		(30,068)				
Title I - Part A	84.010A	S010A150030	NCLB407514	7/1/13-6/30/14	294,463								(593)			
Title II A	84.367A	S367A150029	NCLB407516	7/1/15-6/30/16	60,160		593		19,236	(52,900)		(52,900)		(33,664)		
Title II A	84.367A	S367A150029	NCLB407515	7/1/14-6/30/15	60,479	(11,411)			16,667	(4,356)		(4,356)			900	
Title II A	84.367A	S367A150029	NCLB407513	9/1/12-8/31/13	59,381		1,292						(1,292)			
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA407516	7/1/15-6/30/16	477,985					(414,169)		(414,169)		(414,169)		
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA407515	7/1/14-6/30/15	462,666	(274,622)			273,173	(22,699)		(22,699)	1,449	(22,699)		
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA407514	7/1/13-6/30/14	456,489	(38,346)			38,346							
I.D.E.A. Preschool	84.173	H173A150114	IDEAPS407516	7/1/15-6/30/16	20,266					(18,576)		(18,576)		(18,576)		
I.D.E.A. Preschool	84.173	H173A150114	IDEAPS407515	7/1/14-6/30/15	19,791	(1,382)			1,950			(18,576)		(18,576)		
Total US Department of Education																
						(394,647)	1,885		515,667	(756,434)		(756,434)	(1,004)	(635,433)	900	
<b>Enterprise Fund</b>																
U.S. Dept. of Agriculture Passed-through State Dept. of Education:																
Child Nutrition Cluster:																
Cash Assistance:																
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	227,754				216,820	(227,754)		(227,754)		(10,934)		
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/14-6/30/15	216,217	(15,118)			15,118							
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	38,091				35,912	(38,091)		(38,091)		(2,179)		
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/14-6/30/15	29,367	(2,400)			2,400							
Non-Cash Assistance:																
Food Distribution Program	10.565	Unknown	N/A	7/1/15-6/30/16	48,011				48,011	(33,982)		(33,982)			14,029	
Food Distribution Program	10.565	Unknown	N/A	7/1/14-6/30/15	38,625		13,187			(13,187)		(13,187)				
Total U.S. Department of Agriculture																
						(17,518)	13,187		318,261	(313,014)		(313,014)		(13,113)	14,029	
Total Federal Financial Awards																
						\$ (412,165)	\$ 15,072	\$	\$ 871,518	\$ (1,107,038)	\$	\$ (1,107,038)	\$ (1,004)	\$ (648,546)	\$ 14,029	\$ 900

See accompanying notes to schedules of financial assistance  
These funds were audited in accordance with the Uniform Guidance since the total of all grant expenditures exceeded \$750,000.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2015		Cash Received	Budgetary Expenditures	Adjustment / Repayment of Prior Year Balance	June 30, 2016		MEMO	
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>												
<b>General Fund - Current Expense:</b>												
Equalization Aid	16-495-034-5120-078	\$ 7,416,252	7/1/15 to 6/30/16	\$	\$	\$ 6,703,298	\$ (7,416,252)	\$	\$ (712,954)	\$	\$ (712,954) *	7,416,252
Equalization Aid	15-495-034-5120-078	7,415,252	7/1/14 to 6/30/15	(696,478)		696,478						
Special Education Categorical Aid	16-495-034-5120-089	997,530	7/1/15 to 6/30/16			901,634	(997,530)		(95,896)		(95,896) *	997,530
Special Education Categorical Aid	15-495-034-5120-089	997,530	7/1/14 to 6/30/15	(93,680)		93,680						
School Choice Aid	16-495-034-5120-068	115,788	7/1/15 to 6/30/16			104,657	(115,788)		(11,131)		(11,131) *	115,788
School Choice Aid	15-495-034-5120-068	231,576	7/1/14 to 6/30/15	(21,748)		21,748						
Security Aid	16-495-034-5120-084	57,757	7/1/15 to 6/30/16			52,205	(57,757)		(5,552)		(5,552) *	57,757
Security Aid	15-495-034-5120-084	57,757	7/1/14 to 6/30/15	(5,424)		5,424						
Additional Adjustment Aid	16-495-034-5120-085	115,788	7/1/15 to 6/30/16			104,657	(115,788)		(11,131)		(11,131) *	115,788
Transportation Aid	16-495-034-5120-014	117,331	7/1/15 to 6/30/16			106,052	(117,331)		(11,279)		(11,279) *	117,331
Transportation Aid	15-495-034-5120-014	117,331	7/1/14 to 6/30/15	(11,019)		11,019						
PARCC Readiness Aid	16-495-034-5120-098	17,350	7/1/15 to 6/30/16			15,682	(17,350)		(1,668)		(1,668) *	17,350
PARCC Readiness Aid	15-495-034-5120-098	17,350	7/1/14 to 6/30/15	(1,629)		1,629						
Per Pupil Growth Aid	16-495-034-5120-097	17,350	7/1/15 to 6/30/16			15,682	(17,350)		(1,668)		(1,668) *	17,350
Per Pupil Growth Aid	15-495-034-5120-097	17,350	7/1/14 to 6/30/15	(1,629)		1,629						
Extraordinary Special Education Aid	16-495-034-5120-473	64,160	7/1/15 to 6/30/16				(64,160)				*	64,160
Extraordinary Special Education Aid	15-495-034-5120-473	28,568	7/1/14 to 6/30/15	(28,568)		28,568					*	
Homeless Aid	N/A	107,676	7/1/15 to 6/30/16				(107,676)		(107,676)		*	107,676
Nonpublic Transportation aid	16-495-034-5120-014	2,895	7/1/15 to 6/30/16				(2,895)		(2,895)		*	2,895
Nonpublic Transportation aid	15-495-034-5120-014	2,895	7/1/14 to 6/30/15	(2,895)		2,895					*	
Reimbursed TPAF Social Security Contrib.	16-495-034-5094-003	905,431	7/1/15 to 6/30/16			843,125	(905,431)		(62,306)		*	905,431
Reimbursed TPAF Social Security Contrib.	15-495-034-5094-003	913,126	7/1/14 to 6/30/15	(44,468)		44,468					*	
				(907,538)		9,754,530	(9,935,308)		(1,088,316)		(851,279)	9,935,308
<b>Special Revenue Fund:</b>												
<b>N.J. Nonpublic Aid:</b>												
Textbook Aid	16-100-034-5120-064	9,821	7/1/15 to 6/30/16			9,821	(9,257)			564	*	9,257
Textbook Aid	15-100-034-5120-064	9,533	7/1/14 to 6/30/15		1,760			(1,760)			*	
Nursing Aid	16-100-034-5120-070	15,480	7/1/15 to 6/30/16			15,480	(15,480)				*	15,480
Technology Aid	16-100-034-5120-373	4,472	7/1/15 to 6/30/16			4,472	(4,371)			101	*	4,371
Technology Aid	15-100-034-5120-373	5,120	7/1/14 to 6/30/15		5			(5)			*	
Security Aid	16-100-034-5120-509	4,300	7/1/15 to 6/30/16			4,300				4,300	*	
<b>Auxiliary Services:</b>												
Compensatory Education Aid	16-100-034-5120-067	26,649	7/1/15 to 6/30/16			26,649	(931)			25,718	*	931
Compensatory Education Aid	15-100-034-5120-067	29,561	7/1/14 to 6/30/15		29,561			(29,561)			*	
ESL	16-100-034-5120-067	1,726	7/1/15 to 6/30/16			1,726				1,726	*	
<b>Handicapped Services:</b>												
Supplemental Instruction Aid	16-100-034-5120-066	8,911	7/1/15 to 6/30/16			8,911	(8,541)			370	*	8,541
Supplemental Instruction Aid	15-100-034-5120-066	7,062	7/1/14 to 6/30/15		4,002			(4,002)			*	
Examination & Classification Aid	16-100-034-5120-066	24,890	7/1/15 to 6/30/16			24,890	(24,090)			800	*	24,090
Examination & Classification Aid	15-100-034-5120-066	26,302	7/1/14 to 6/30/15		12,011			(12,011)			*	
Corrective Speech	16-100-034-5120-066	4,682	7/1/15 to 6/30/16			4,682	(3,177)			1,505	*	3,177
Corrective Speech	15-100-034-5120-066	9,719	7/1/14 to 6/30/15		7,334			(7,334)			*	
PARCC Assessment Assistance for Secondary Education (PAASE)	15-100-034-5068-049											
	-H300-6060	20,000	7/1/14 to 6/30/15	(20,000)		20,000						
<b>Total Special Revenue Fund</b>				(20,000)	54,673	120,931	(65,847)	(54,673)		35,084		65,847
<b>Capital Projects Fund:</b>												
PMHS Fire Alarm Renovations	4075-050-14-1003	148,240	7/1/15 - Closing				(128,131)		(128,131)		*	128,131
PMHS Window/Transom Replacement	4075-050-14-1010	502,656	7/1/15 - Closing				(424,968)		(424,968)		*	424,968
<b>Total Capital Projects Fund</b>							(553,099)		(553,099)			553,099
<b>State Department of Agriculture:</b>												
<b>Enterprise Fund</b>												
National School Lunch Program (State Share)	16-100-010-3350-023	5,964	7/1/15 to 6/30/16			5,672	(5,964)		(292)		*	5,964
National School Lunch Program (State Share)	15-100-010-3350-023	6,308	7/1/14 to 6/30/15	(404)		404					*	
				(404)		6,076	(5,964)		(292)			5,964
<b>Total State Financial Assistance Subject to OMB 15-08</b>				\$ (927,942)	\$ 54,673	\$ 9,881,537	\$ (10,560,218)	\$ (54,673)	\$ (1,641,707)	\$ 35,084	\$ (851,279)	\$ 10,560,218
<b>State Financial Assistance Not Subject to OMB 15-08:</b>												
On-Behalf TPAF Post Retirement Medical	16-495-034-5095-001	1,200,169	7/1/15 to 6/30/16			\$ 1,200,169	\$ (1,200,169)					
On-Behalf TPAF Pension Contribution	16-495-034-5095-006	1,007,932	7/1/15 to 6/30/16			1,007,932	(1,007,932)					
<b>Total State Financial Assistance</b>						\$ 12,089,638	\$ (12,768,319)					

See accompanying notes to schedules of financial assistance

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2016**

**NOTE 1: GENERAL**

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

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented 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 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A., 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A., 18A:22-44.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$19,672) 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 on the following page:

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2016**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 37,590	\$ 2,123,737	\$ 2,161,327
Special Revenue Fund	756,434	65,847	822,281
Food Service Fund	<u>313,014</u>	<u>5,964</u>	<u>318,978</u>
Total Awards & Financial Assistance	\$ <u>1,107,038</u>	\$ <u>2,195,548</u>	\$ <u>3,302,586</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: FEDERAL AND STATE LOANS OUTSTANDING**

Pennsville Township School District had no outstanding State or federal loans at June 30, 2016.

**NOTE 6: OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. 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, 2016.

**NOTE 7: SCHOOLWIDE PROGRAM FUNDS**

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

**NOTE 8: MAJOR PROGRAMS**

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

**NOTE 9: ADJUSTMENTS**

There were adjustments on Schedule of Federal Awards in the amount of \$1,004 from prior year balances and \$54,673 on State Aid, as reflected on Schedule A and Schedule B respectively.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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? \_\_\_\_\_ 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? \_\_\_\_\_ 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 2 CFR 200 section .516(a) of Uniform Guidance? \_\_\_\_\_ yes X no

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.010A 10.553, 10.555	S010A150030 16161NJ304N1099	Title I Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes X no

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes X 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? \_\_\_\_\_ 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 NJOMB Circular Letter 15-08 \_\_\_\_\_ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-085	Additional Adjustment Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-068	School Choice Aid
16-495-034-5120-014	Transportation Aid

PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)

**Section II - Financial Statement Findings**

This section identifies the significant deficiencies, material weakness, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Circular 15-08 audit.

**Finding:** NONE

**Criteria or specific requirement:**

**Condition:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**



PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)

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

This section identifies the audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable, for State Financial Assistance.

**FEDERAL AWARDS**

**Finding:** NONE

**Information on the federal program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**STATE AWARDS**

**Finding:** NONE

**Information on the state program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior - year findings related to the basic financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

**STATUS OF PRIOR - YEAR FINDINGS**

**Finding:** 2015-1

**Condition:** While the District maintains fixed asset records, the updated report, prepared by an outside appraisal company, was not available for examination in a timely manner and accordingly, the current year amounts were determined and adjusted as part of the audit, based on the previous outside appraisal report.

**Current Status:** Resolved.

**Finding:** 2015-2

**Condition:** In several instances, the total number of students reflected on the ASSA report did not agree with the supporting workpapers.

**Current Status:** Unresolved, see AMR Finding 2016-3.