

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF PITTSBGROVE**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2016

**Prepared by
Pittsgrove Township Board of Education
Finance Department**

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OF THE PITTSBORO TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

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Henry Bermann
Superintendent of Schools
(Ext. 4016)

Andrew Eubanks
Interim Business Admin./Board Sec.
(Ext. 4018)

November 4, 2016

Honorable President and Members
of the Board of Education
Pittsgrove Township Board of Education
County of Salem
Pittsgrove, N.J. 08318

Dear Board Members:

The comprehensive annual financial report of the Pittsgrove 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.

We are an Equal Opportunity Employer - F/M

1. REPORTING ENTITY AND ITS SERVICES:

The Pittsgrove Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Pittsgrove 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 PK through 12. These include regular, vocational, alternative and remedial, as well as special education for handicapped students. Vocational opportunities are provided through the Salem County Vocational and Technical School. The Pittsgrove Township School District also receives students on a tuition basis for grades PreK–12 from the Borough of Elmer. In Schalick High School, the district houses three county-wide academies in the Visual and Performing Arts. These are magnet programs in Dance, Theater and Visual Arts. The District completed the 2015-16 fiscal year with an enrollment of 1,803 students, including Academy students, which is 2 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	1,803.0	0.11%
2014-15	1,801.0	3.32%
2013-14	1,743.0	1.34%
2012-13	1,720.0	(1.29)%
2011-12	1,742.1	(5.12)%
2010-11	1,836.2	2.93%
2009-10	1,784.0	(.59)%
2008-09	1,794.7	3.99%
2007-08	1,869.3	(3.31)%
2006-07	1,933.3	.16%

2. ECONOMIC CONDITION AND OUTLOOK:

The Pittsgrove Township area is experiencing a period of limited development, which is expected to continue. There will be a continually slight increase in the number of residences. This should result in a modest increase in the tax base. Pittsgrove Township is also experiencing a decrease in enrollment in its resident students. This decline is expected to continue for the immediate future. The 2010-2011 school year marked a full send/receive agreement with Elmer Borough Board of Education. All students from both Pittsgrove and Elmer attend school together from preschool through twelfth grade.

MAJOR INITIATIVES/CURRICULA INITIATIVES:

Technology:

The Board of Education continues to support the integration of technology into the curriculum. The District uses a cloud-based infrastructure and Google platform, as well as student Chromebooks. Every administrator and teacher is equipped with an Apple laptop. With the maturation of web-based or cloud-based services, we have seen a trend and shift in expenditures from device-centric to network-centric items and solutions. As a result, network infrastructure, security systems, and bandwidth are trending up in regard to the percentage of the budget, whereby device costs are trending down.

The use of Chromebooks helps to support the District goal of increasing 21st Century technology skills and collaboration. With these devices, our students are readily able to utilize their own pittsgrove.net G-mail accounts and interface with Google Docs. Interactive displays, which bring rich, web-based educational content on screen, are utilized as a teaching tool in every classroom across the District. Another highlight of the 2015-2016 school year was the creation of Schalick High School's Makerspace. Makerspace provides an interactive environment where students can create, investigate, and engage in technology-related activities.

The Supervisor of Technology provides support and suggests best practices in student and teacher uses of educational technology. Members of the Technology Department implement new classroom technologies, model effective use, and help guide the educational technology vision of the Pittsgrove Township School District. Under the direction of the Supervisor of Technology, the major network infrastructure of the District has been upgraded to the advanced Cisco Meraki System. Telephone and security upgrades and enhancements were also performed. This year's implemented resources help to keep the Pittsgrove Township School District current and in many cases, ahead of the curve in educational technology.

Pittsgrove Township School District, K-12:

Across the District, staff members receive extensive professional development on the Common Core State Standards, assessments, and specific content-area knowledge. Particular focus was dedicated to training staff and administration on data analysis that is used for assessments and staff members' Student Growth Objectives (SGOs). The use of half-day professional development days continues to be instrumental by providing staff with needed professional development opportunities.

Norma, Elmer, and Olivet Elementary Schools:

Norma Elementary School continues to operate a Pre-School Program, which offers two full-day programs for four-year-old students. The program operates from a braided funding formula, including state funds for economically disadvantaged students, parent tuition, and local funds. The Early Launch to Learning Initiative (ELLI) helps to instill kindergarten readiness while serving the incoming kindergarten class. The full day Kindergarten program allows students to focus a significant amount of time on instructional activities. Norma also offers an ABC kindergarten class, which provides educational services to developmentally young five year olds.

Norma, Elmer, and Olivet School continue to receive professional development and support materials for curricula revision, benchmark creation, and new writing and math programs. During the 2015-2016 school year, the Norma, Elmer, and Olivet Elementary Schools implemented the *My Math* curriculum into their classrooms. Professional development opportunities during the half-day sessions were dedicated for teachers to collaborate and become more familiar with these curricular resources to meet the needs of their student learners. Norma Elementary School implemented the Zaner-Bloser Handwriting Program this year, while both Elmer and Olivet implemented the Lucy Calkins *Writer's Workshop* model into the language arts instruction.

Pittsgrove Township Middle School:

During the 2015-2016 school year, two new Exploratory courses were implemented: 6th Grade Music and 7th Grade European Culture and Conversation. Staff continued to receive professional development based on the Common Core State Standards, the Next Generation Science Standards, writing, assessments, and data analysis. Quarterly (formerly benchmark) assessments continue to be used to gauge student growth and identify areas in need of improvement to drive instruction. Staff members have revised their current assessments to align the questions with the revised curricula and the Common Core to best prepare students for PARCC testing. The Science Department is in the process of updating their curricula to align with the Next Generation Science Standards. They are reviewing various textbooks and anticipate piloting a program during the 2016-2017 school year.

Arthur P. Schalick High School:

Arthur P. Schalick High School strives to attain the highest level of academic achievement for all of its students. Academic rigor, high expectations, social and moral standards, and a commitment to excellence are embedded in all educational programs. During the 2015-2016 school year, Schalick entered into a Dual Credit Agreement with Salem Community College, where students may earn college credit for various courses completed at Schalick High School. The Academy is a joint venture with the Salem County Vocational Technical School District and is housed at Schalick High School. Each year, many students from the surrounding areas, as well as Schalick students, are accepted into the Academy Program. Through an Articulation Agreement with Rowan University, students in the Theater program can earn college credits.

The utilization of half-day in-service sessions has provided significant opportunities for additional professional development and support for curricular initiatives, assessment creation, and data analysis. This professional development will better enable teachers to use data from assessments to inform instruction. Curricular changes were made in the Math and Foreign Language Departments. Textbooks were purchased for Statistics. In addition, the curriculum was developed for a French I course, while revisions were made to the CP and Honors Geometry curricula.

4. 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.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund.

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.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

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 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

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

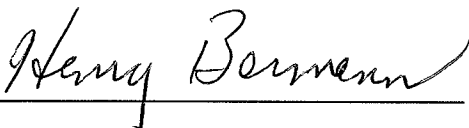
9. OTHER INFORMATION:

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.

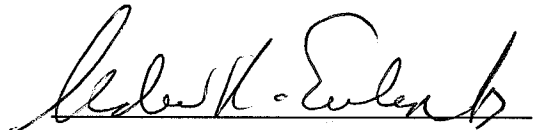
10. ACKNOWLEDGMENTS:

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

Respectfully submitted,



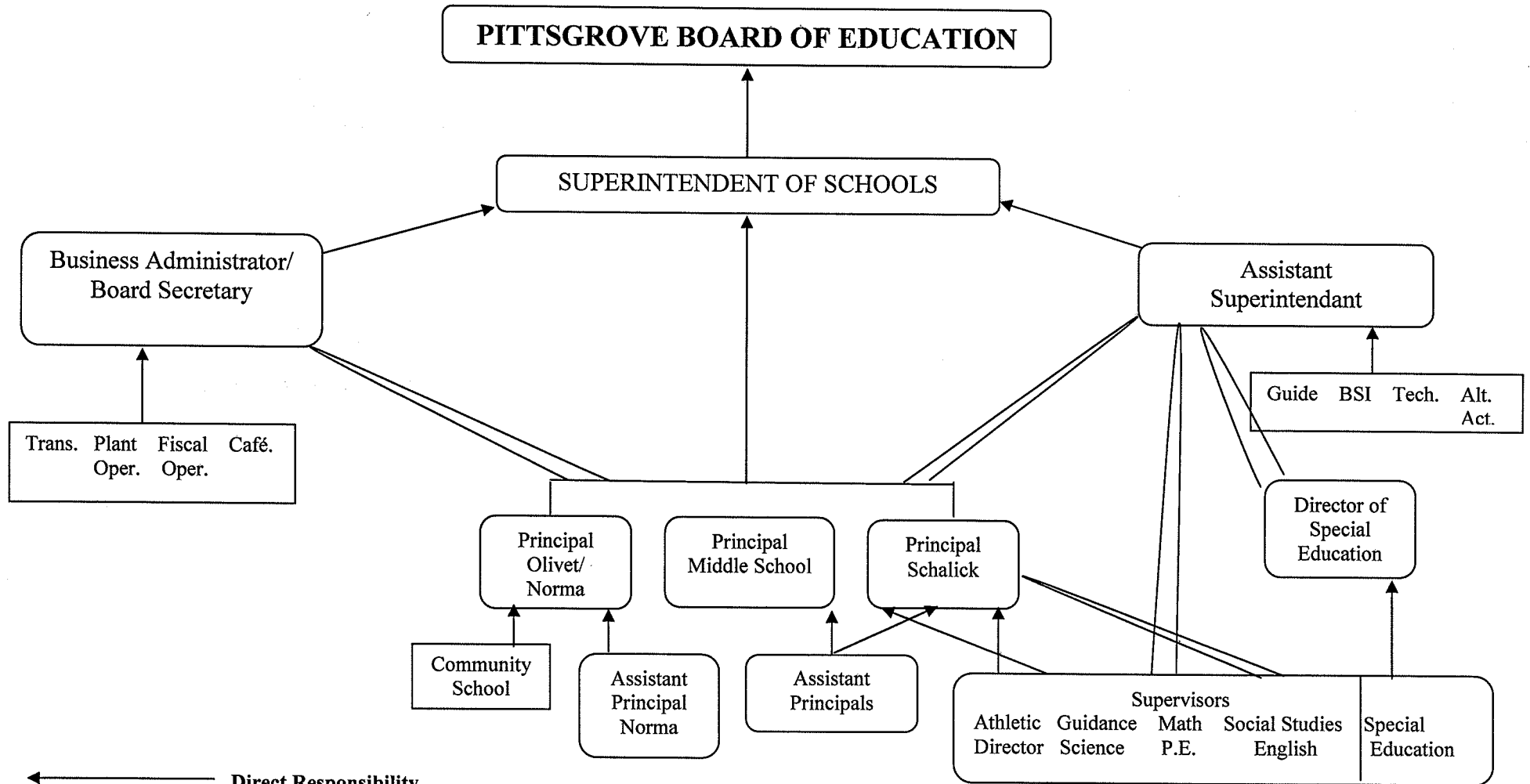
Henry Bermann
Superintendent of Schools



Andrew R. Eubanks
Interim Business Administrator

ADMINISTRATOR/SUPERVISOR

RESPONSIBILITY AND ORGANIZATION



← Direct Responsibility
⇨ Indirect Responsibility

PITTSGROVE TOWNSHIP BOARD OF EDUCATION
PITTSGROVE, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2016

<u>Board Members Name</u>	<u>Position</u>	<u>Term Expires</u>
Carrie Mullin	President	2017
Marlene Smith	Vice President	2016
Susan Cushane-Miranda	Board Member	2018
Steven DiMatteo	Board Member	2017
Timothy Hack	Board Member	2018
Peter Lawlor	Board Member	2016
Dominick J. Miletta, III	Board Member	2017
Tracy Penven	Board Member	2016
Joseph E. Wentzell	Board Member	2018
Samuel Wheaton	Board Member (Elmer Representative)	2016

<u>Other Officials</u>		<u>Amount of Bond</u>
Henry Bermann	Superintendent	\$ 250,000
Suzanne R. Fox Abdill	Business Administrator/ Board Secretary	250,000
Lipman, Antonelli, Batt, Gilson Rothman & Capasso	General Counsel	
Parker, McCay, PA	General Counsel	
Porzio, Bromberg & Newman, PC	General Counsel	

TOWNSHIP OF PITTSBORO BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

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TOWNSHIP OF PITTSBORO BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

ATTORNEY (Cont'd)

Labor Relations & Negotiations

Mr. Paul C. Kalac
Kalac, Barger & Bacigalupo, LLC
555 Route One, South - Suite 100
Woodbridge, NJ 08830

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Elmer, NJ 08318

Susquehanna Bank

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FISCAL AGENT

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FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

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www.colavita.net

November 4, 2016

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Pittsgrove 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 Pittsgrove 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 Pittsgrove 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 Pittsgrove 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 Pittsgrove 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 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.

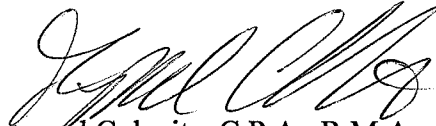
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2016 on our consideration of the Pittsgrove 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 Pittsgrove Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

UNAUDITED

The discussion and analysis of Pittsgrove Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ❖ General revenues of the District accounted for \$27,625,686 in revenue or 78.8% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$9,294,178 or 21.2% percent to total revenues of \$36,919,864.
- ❖ Total Net Position of governmental activities increased by \$227,741 comprised of changes in cash and cash equivalents, receivables, inventory, and capital assets. The Net Position of the Business-type Activities increased by \$92,569.
- ❖ The School District had \$36,572,906 in total expenses, of which only \$9,294,178 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes) of \$27,625,686 were not adequate to provide for these programs. These revenues and expenses include the Business-type Activities.
- ❖ The General Fund had \$29,683,277 in revenues, \$29,826,739 in expenditures and \$26,537 in net other financing uses. Other financing sources represented \$26,648 transferred to a Charter School and interest and miscellaneous income of \$111, transferred from the Capital Projects Fund. The General Fund balance increased by \$766,547 over 2015. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Pittsgrove Township School District as a financial whole as well as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Pittsgrove Township School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains numerous funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes that position. This change in Net Position is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities and internal service funds.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and School Age Childcare enterprise funds are reported as business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 25. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole, which includes the Business-Type Activities.

Table 1 provides a comparative summary of the School District's Net Position for the years ended in 2016 and 2015.

	2016	2015
Assets		
Current and Other Assets	\$ 3,610,353	\$ 3,557,331
Capital Assets, Net	14,151,740	14,738,064
Total Assets	17,762,093	18,295,395
Deferred Outflows of Resources	1,658,693	741,648
Liabilities		
Other Liabilities	12,083,624	11,831,810
Non-Current Liabilities	8,749,018	9,028,395
Total Liabilities	20,832,642	20,860,205
Deferred Inflows of Resources	700,491	609,495
Net Position		
Invested in Capital Assets, Net of Debt	6,124,224	6,510,347
Restricted	1,144,205	401,615
Unrestricted (Deficit)	(9,380,776)	(9,344,619)
Total Net Position	\$ (2,112,347)	\$ (2,432,657)

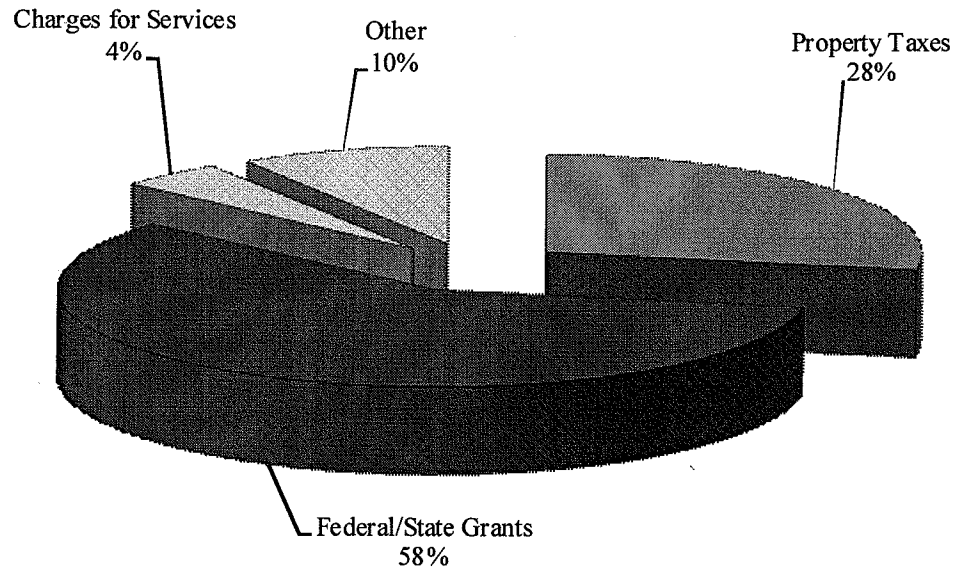
Table 2 shows the changes in Net Position from fiscal year's 2016 and 2015.

Table 2
Changes in Net Position

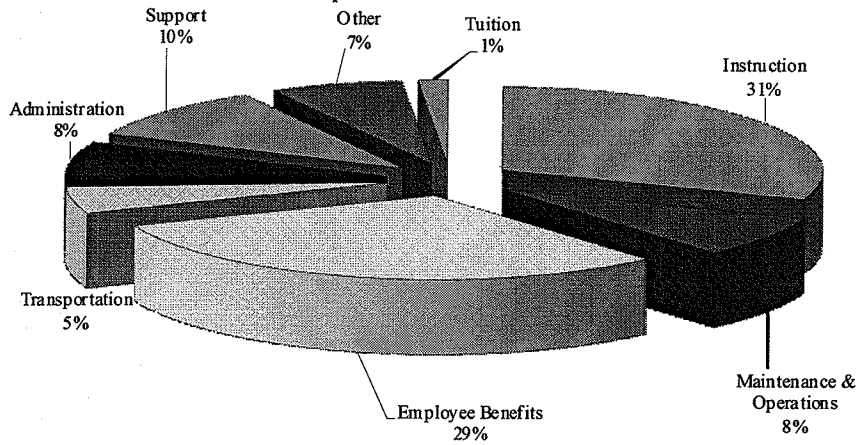
	2016	2015
Revenues		
Programs Revenues		
Charges for Services	\$ 1,647,839	\$ 1,181,491
Operating Grants and Contributions	7,646,339	6,155,122
General Revenues		
Property Taxes	10,269,183	9,800,064
Grants and Entitlements	14,002,177	13,842,223
Other	3,354,326	3,565,015
Total Revenues	36,919,864	34,543,915
Program Expenses		
Instruction	11,155,728	10,601,695
Tuition	550,426	898,077
Support Services		
Pupils and Instructional Staff	3,735,765	3,473,691
General Administration, School Administration, Business Operations and Maintenance of Facilities	2,764,283	2,714,157
Pupil Transportation	2,918,010	2,634,144
Employee Benefits	1,853,814	1,906,356
Special Schools	11,172,400	9,882,865
Interest on Debt	43,448	30,078
Food Service and Child Care	294,624	291,621
Other	821,124	841,117
Total Expenses	36,572,906	34,486,407
Excess of Expenditures over Revenues	346,958	57,508
Other Adjustments:		
Cancellation of Receivables and Payables		
Transfer to Charter School	(26,648)	(27,478)
(Decrease) Increase in Net Position	\$ 320,310	\$ 30,030

The breakdown by percentage of revenues and expenditures of the entire District as a whole for the fiscal year ended June 30, 2016 are illustrated in the two charts shown on the following page:

Revenues for Fiscal Year 2016



Expenses for Fiscal Year 2016



Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The total governmental revenues of the Pittsgrove Township School District for fiscal year 2016, excluding business-type activities and other net financing uses, were \$27,625,115. The District's Property taxes made up 37% percent of these net revenues for governmental activities. Unrestricted Federal, state and local grants accounted for another 51%. The total cost of services was \$35,751,782. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$27,323,506. Instruction comprises 31% of these net District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 11,155,728	\$ 10,278,108	\$ 10,601,695	\$ 9,876,262
Tuition	550,426	550,426	898,077	898,077
Support Services				
Pupils and Instructional Staff	3,735,765	3,403,184	3,473,691	3,247,127
General Administration, School Administration, Business	2,764,283	2,366,980	2,714,157	2,637,528
Operation and Maintenance of Facilities	2,918,010	2,733,016	2,634,144	2,576,302
Pupil Transportation	1,853,814	1,590,569	1,906,356	1,545,518
Employee Benefits	11,172,400	4,847,087	9,882,865	4,851,204
Special Schools	43,448	43,448	30,078	30,078
Interest and Fiscal Charges	294,624	294,624	291,621	291,621
Other	1,263,284	1,263,284	1,212,606	1,212,606
Total Expenses	<u>\$ 35,751,782</u>	<u>\$ 27,370,726</u>	<u>\$ 33,645,290</u>	<u>\$ 27,166,323</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District as well as internal service fund expenses.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition as well as internal service fund expenses.

Curriculum and staff development expenses (included in support services) related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law as well as internal service fund expenses.

Extracurricular activities include instructional expenses related to student activities provided by the School District which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization of debt issue costs.

Business-Type Activities

Revenues for the District's Business-Type Activities (Food Service and SACC programs) were comprised of charges for services and federal and state reimbursements.

- ❖ Program Revenues exceeded Expenses by \$91,998. There was no board subsidy required for the year. There was also miscellaneous interest revenue of \$571, resulting in a positive change in Net Position of \$92,569.
- ❖ Charges for services represent \$374,027 for the Food Service Fund and \$141,166 in the Child Care (SACC) Fund. This represents amount paid by patrons for daily food services and SACC activities.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$397,929.

The School District's Funds

Information about the School District's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$31,433,941, expenditures of \$31,590,409 and other financing uses of \$26,648, including the transfer to a Charter School and miscellaneous revenue transferred from the Capital Projects Fund. The net positive change in Governmental fund balances for the year was \$753,430, which includes \$766,547 in the General fund, and \$280 in the Permanent fund offset by \$13,397 in the Debt Service fund. The District was, therefore, able to meet current operating costs with the use of \$338,000 in surplus and there was no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects and permanent scholarship funds) for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2015</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 13,641,677	43.40%	\$ 457,059	3.56%
State Sources	16,871,710	53.67%	586,729	3.75%
Federal Sources	920,554	2.93%	141,053	17.57%
Total	<u>\$ 31,433,941</u>	<u>100.00%</u>	<u>\$ 1,184,841</u>	<u>4.05%</u>

The increase in Local sources is attributed to increases in local tax levy of \$469,119, tuition revenue \$14,702, and \$693 in interest earned, offset by a decrease of \$27,455 in other miscellaneous revenue.

The increase in State sources is attributed to increases in various state public aid of \$586,729.

The increase in Federal sources is due to an increase in various other special revenue grants of \$155,671, offset by a decrease in Medicaid Aid of \$14,618. In addition, the 2016 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2016 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2015</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$ 11,182,180	35.39%	\$ 226,012	2.13%
Undistributed Expenditures	18,313,948	57.97%	237,571	1.39%
Capital Outlay	1,265,405	4.01%	889,644	98.08%
Debt Service:				
Principal	550,000	1.74%	20,000	3.27%
Interest	235,428	0.75%	(15,200)	-4.76%
Special Schools	43,448	0.14%	13,370	14.60%
Total	<u>\$ 31,590,409</u>	<u>100.00%</u>	<u>\$ 1,371,397</u>	<u>4.63%</u>

The increase in instructional expenditures is attributed to increases in Special instruction of \$101,873, other special instruction expenses of \$103,271 and other education instruction of \$26,325, offset by a decrease in regular instructional expenses of \$5,457.

The increase in undistributed expenditures was due to increases in student and instruction related services of \$158,453, plant operations and maintenance of \$57,651, pupil transportation of \$41,007, employee benefit cost of \$337,073, central services, information technology costs of \$13,560, general administration \$6,219 offset by decreases in tuition costs of \$347,651 and school administration costs of \$28,741.

The increase in capital outlay is attributed to overall increase in general fund capital outlay of 889,644.

The increase in debt service is the result of increased principal offset by decrease in interest payments on debt obligations.

The increase in special schools is attributed to an overall increase in expenditures of \$13,370.

General Fund Budgeting Highlights

The School District’s Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2016, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the District’s final budget for the general fund anticipated that revenues, including surplus appropriated of \$338,000, would roughly equal expenditures, the actual results for the year show an increase in surplus of \$792,078 as shown on Exhibit C-1.

- ❖ Actual revenues were \$222,974 more than expected, excluding on-behalf pension and social security reimbursements of \$2,818,847, reflecting a positive variance of \$3,041,821.
- ❖ Actual expenditures were \$131,216 less than expected and shows that there were favorable variances in most expenditure accounts. This excludes state on-behalf pension and social security reimbursements of \$2,818,847.

Capital Assets

At the end of the fiscal year 2016, the School District had \$14,151,740 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2016 balances compared to 2015.

Table 4
Capital Assets (Net of Depreciation) at June 30

	<u>2016</u>	<u>2015</u>
Land	\$ 196,431	\$ 196,431
Land Improvements	255,304	295,502
Building and Improvements	12,396,972	13,381,019
Buses	606,904	198,603
Furniture and Equipment	696,129	666,509
Totals	<u>\$ 14,151,740</u>	<u>\$ 14,738,064</u>

Overall capital assets decreased \$586,324 from fiscal year 2015 to fiscal year 2016. Increases in capital assets by purchase or construction were \$718,197. These additions were offset by depreciation expenses of \$1,304,521 for the year.

Debt Administration:

At June 30, 2016, the District's outstanding debt was \$8,749,018 and included \$5,831,000 of general obligation bonds, \$728,851 in compensated absences and \$2,187,517 in capital leases. In addition, three new capital leases were approved subsequent to June 30, 2016 for Chrome Books, Buses, Textbooks and Computer Equipment in the total amount of \$936,546.

At June 30, 2016, the School District's overall legal debt margin was \$25,388,673 and the amount available in the debt margin for future borrowing \$19,557,673 or 77% of the total allowable amount.

Remaining outstanding debt at June 30, 2016 is as follows:

<u>Description</u>	<u>Issue</u>	<u>Issue</u>	<u>June 30, 2016</u>
Construction of Additions and Other Improvements to Middle School	5/1/1999	\$ 6,950,000	\$ 2,735,000
2011 Various Capital Expenditures	12/18/2009	1,856,000	1,556,000
2013 Refunding Issue	3/20/2013	1,805,000	1,540,000

For the Future

The Pittsgrove Township School District is currently in sound financial condition. This statement is made in the context of strict growth limitations. Financing current programs in the future is the major concern for the administration and the Board of Education. A new funding structure that has increased reliance on property taxes adds to this concern. The future financing of educational programming will require the Pittsgrove Township School District to make some difficult decisions regarding the allocation of its resources.

The Board of Education continues its commitment to providing a quality education for the children of the Pittsgrove Township School District. Recent STEM and technology initiatives, as well as after-school clubs, attest to this fact. However, with resources being finite, and the continued pressure of federal and state mandated programs, the future is not without challenge. Pittsgrove Township is primarily a residential community with very few ratables. As a result, the homeowners bear the tax burden. The current down turn in the economy has impacted future State funding to the school, which has made the budget process more challenging. During this year's budget process, it will be the goal of the administration and the Board of Education to maintain its current program offerings and staffing, while carefully reviewing all cost centers throughout the District.

In conclusion, the Pittsgrove Township School District has committed itself to fiscal responsibility for many years. In addition, the District's system for financial planning, budgeting, and internal financial controls meet all industry standards, and are functioning well. The District plans to continue its sound fiscal practice, while recognizing the challenge of finding alternate revenue sources to meet expense requirements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact, Darren Harris, School Business Administrator at Pittsgrove Township Board of Education.

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.

PITTSBGROVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and Cash Equivalents	\$ 1,259,964	\$ 438,490	\$ 1,698,454
Receivables, Net	1,774,019	69,630	1,843,649
Inventory	52,978	12,531	65,509
Restricted Assets:			
Capital Reserve Account - Cash	2,741		2,741
Capital Assets, Net (Note 5)	14,073,606	78,134	14,151,740
	<hr/>	<hr/>	<hr/>
Total Assets	17,163,308	598,785	17,762,093
	<hr/>	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	1,529,448		1,529,448
Deferred Amounts on Refunding of Debt	129,245		129,245
	<hr/>	<hr/>	<hr/>
	1,658,693		1,658,693
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts Payable	491,467	325,034	816,501
Short-Term Loan Payable	1,325,007		1,325,007
Accrued Interest Payable	110,133		110,133
Unearned Revenue	755,748	8,241	763,989
Net Pension Liability	9,020,774		9,020,774
Noncurrent Liabilities (Note 6):			
Due Within One Year	1,198,731		1,198,731
Due Beyond One Year	7,548,637	1,650	7,550,287
	<hr/>	<hr/>	<hr/>
Total Liabilities	20,450,497	334,925	20,785,422
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	700,491		700,491
	<hr/>	<hr/>	<hr/>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	6,055,089	78,134	6,133,223
Restricted for:			
Capital Projects	51,632		51,632
Capital Reserve	2,741		2,741
Permanent Endowment - Nonexpendable	91,602		91,602
Other Purposes	998,230		998,230
Unrestricted (Deficit)	(9,528,281)	185,726	(9,342,555)
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Total Net Position (Deficit)	\$ (2,328,987)	\$ 263,860	\$ (2,065,127)
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The accompanying Notes to Financial Statements are an integral part of this statement.

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 7,757,360	\$	\$ 877,620	\$ (6,879,740)	\$	\$ (6,879,740)
Special Education	2,493,545			(2,493,545)		(2,493,545)
Other Special Instruction	468,101			(468,101)		(468,101)
Other Instruction	447,970			(447,970)		(447,970)
Support Services:						
Tuition	539,178			(539,178)		(539,178)
Student & Instruction Related Services	3,735,765	336,573	45,477	(3,353,715)		(3,353,715)
School Administrative Services	1,059,568			(1,059,568)		(1,059,568)
General and Business Admin. Services	670,721	106,607		(564,114)		(564,114)
Central Services and Information Tech.	863,409	110,097		(753,312)		(753,312)
Plant Operations and Maintenance	2,918,010	184,994		(2,733,016)		(2,733,016)
Pupil Transportation	1,853,814	263,245		(1,590,569)		(1,590,569)
Business Support Services	168,336	178,350		10,014		10,014
Employee Benefits	11,172,400		6,325,313	(4,847,087)		(4,847,087)
Special Schools	43,448			(43,448)		(43,448)
Interest on Long-Term Debt	294,624			(294,624)		(294,624)
Unallocated Depreciation	1,265,533			(1,265,533)		(1,265,533)
Total Governmental Activities	35,751,782	1,179,866	7,248,410	(27,323,506)		(27,323,506)
Business-Type Activities:						
Food Service	708,765	374,027	397,929		63,191	63,191
Child Care	112,359	141,166			28,807	28,807
Total Business-Type Activities	821,124	515,193	397,929		91,998	91,998
Total Primary Government	\$ 36,572,906	\$ 1,695,059	\$ 7,646,339	(27,323,506)	91,998	(27,231,508)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				9,766,792		9,766,792
Taxes Levied for Debt Service				502,391		502,391
Federal and State Aid not Restricted				14,002,177		14,002,177
Tuition Received				3,165,348		3,165,348
Investment Earnings				7,698	571	8,269
Miscellaneous Income				180,709		180,709
Transfers				(26,648)		(26,648)
Total General Revenues, Special Items, Extraordinary Items and Transfers				27,598,467	571	27,599,038
Change in Net Position				274,961	92,569	367,530
Net Position—Beginning (Deficit)				(2,603,948)	171,291	(2,432,657)
Net Position—Ending (Deficit)				\$ (2,328,987)	\$ 263,860	\$ (2,065,127)

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

PITTSBORO TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Permanent Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 748,950	\$ 18,189	\$ 36,906	\$ 91,602	\$ 895,647
Due from Other Funds	595,794				595,794
State Aid Receivable	246,381		569,280		815,661
Federal Aid Receivable	2,540	188,757			191,297
Receivables from Other Governments	351,601				351,601
Other Accounts Receivable	30,749	4,150			34,899
Restricted Cash - Capital Reserve	2,741				2,741
Total Assets	\$ 1,978,756	\$ 211,096	\$ 606,186	\$ 91,602	\$ 2,887,640
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 119,481	\$ 80,319			\$ 199,800
Short-Term Loan Payable	1,325,007				1,325,007
Due to Other Governments	10,649	119,870			130,519
Other Liabilities	12,673				12,673
Interfund Payable	202,784		540,337		743,121
Unearned Revenue		17,837			17,837
Total Liabilities	1,670,594	218,026	540,337		2,428,957
Fund Balances:					
Restricted:					
Capital Reserve	2,741				2,741
Assigned:					
Year-End Encumbrances	652,943		14,217		667,160
Designated for Subsequent Years Expenditures	338,000				338,000
Unassigned, Reported In:					
General Fund (Deficit)	(685,522)				(685,522)
Special Revenue Fund (Deficit)		(6,930)			(6,930)
Capital Projects Fund			51,632		51,632
Permanent Fund				91,602	91,602
Total Fund Balances (Deficit)	308,162	(6,930)	65,849	91,602	458,683
Total Liabilities and Fund Balances	\$ 1,978,756	\$ 211,096	\$ 606,186	\$ 91,602	

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 \$39,402,039 and the accumulated depreciation is \$25,328,433 (See Note 5).	14,073,606
Deferred Outflow of Resources - Deferred Pension Contribution.	129,245
Deferred Inflows of Resources - Pension Actuarial Gains.	1,529,448
Deferred Inflows of Resources - Employer Pension	(700,491)
Long Term Net Pension Liability	(9,020,774)
Accrued interest is not payable within the current year and therefore, not reported in the funds.	(110,133)
Internal Service Fund - Reserve for Encumbrances	58,797
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).	(8,747,368)
Net Position of Governmental Activities (Deficit)	\$ (2,328,987)

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

**PITTSGROVE 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	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES						
Local sources:						
Local Tax Levy	\$ 9,766,792	\$	\$	\$ 502,391	\$	\$ 10,269,183
Tuition Charges - LEA's	3,133,105					3,133,105
Tuition Charges - ELLI	32,243					32,243
Interest Earned	7,307		111		280	7,698
Miscellaneous	192,446	7,002				199,448
Total - Local Sources	13,131,893	7,002	111	502,391	280	13,641,677
State Sources	16,532,770	69,300		269,640		16,871,710
Federal Sources	18,614	901,940				920,554
Total Revenues	29,683,277	978,242	111	772,031	280	31,433,941
EXPENDITURES						
Current:						
Regular Instruction	6,906,192	877,620				7,783,812
Special Education Instruction	2,493,545					2,493,545
Other Special Instruction	468,101					468,101
Other Instruction	447,970					447,970
Support Services:						
Tuition	550,426					550,426
Student & Instruction Related Services	3,403,184	45,477				3,448,661
General Administrative Services	667,221					667,221
School Administrative Services	1,058,494					1,058,494
Central Services and Information Technology	712,756					712,756
Plant Operations and Maintenance	2,633,953					2,633,953
Pupil Transportation	1,586,525					1,586,525
Employee Benefits	7,600,767	55,145				7,655,912
Debt Service:						
Principal				550,000		550,000
Interest and Other Charges				235,428		235,428
Capital Outlay	1,265,405					1,265,405
Special Schools	43,448					43,448
Total Expenditures	29,837,987	978,242		785,428		31,601,657
Excess (Deficiency) of Revenues over Expenditures	(154,710)		111	(13,397)	280	(167,716)
OTHER FINANCING SOURCES (USES)						
Transfer to Charter School	(26,648)					(26,648)
Proceeds from Capital Leases	936,546					936,546
Interest Earned Transferred to General Fund	111		(111)			
Total Other Financing Sources and Uses	910,009		(111)			909,898
Net Change in Fund Balances	755,299			(13,397)	280	742,182
Fund Balance—July 1 (Deficit)	(447,137)	(6,930)	65,849	13,397	91,322	(283,499)
Fund Balance—June 30 (Deficit)	\$ 308,162	\$ (6,930)	\$ 65,849	\$ -	\$ 91,602	\$ 458,683

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

PITTSGROVE 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 (from B-2) \$ 742,182

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

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

	Depreciation Expense	\$ (1,301,052)	
	Capital Lease Principal paid in Operating Budget	362,175	
	Capital Outlays	922,115	
		(16,762)	(16,762)

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. (136,332)

Proceeds from Capital Leases is not a revenue in the Statement of Activities (936,546)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 550,000

Increase in Compensated Absences is not considered an expense in the fund statements. 71,165

In the Statement of Activities, interest on long-term debt is accrued, regardless of when it is due. In the governmental funds, interest is charged when payment is due. (1,412)

In the Statement of Activities, Deferred Debt Refinancing costs are amortized over the life of the Debt. However, in the governmental fund, no expenditures are incurred. (4,524)

Internal Service Fund - Decrease in Reserve for Encumbrances 7,190

Change in Net Position of Governmental Activities (See A-2) **\$ 274,961**

PROPRIETARY FUNDS

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

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Food Service</u>	<u>SACC Program</u>	<u>Totals</u>	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 173,046	\$ 114,824	\$ 287,870	\$ 514,937
Accounts Receivable	60,849	8,781	69,630	379,721
Interfund Receivable	191,536		191,536	31,110
Inventories	12,531		12,531	52,978
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	437,962	123,605	561,567	978,746
Noncurrent Assets:				
Furniture, Machinery & Equipment	289,182		289,182	
Less Accumulated Depreciation	(211,048)		(211,048)	
	<hr/>	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	78,134		78,134	
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	516,096	123,605	639,701	978,746
LIABILITIES				
Current Liabilities:				
Accounts Payable	324,227	807	325,034	96,884
Interfund Payable		40,916	40,916	33,563
Other Current Liabilities		1,650	1,650	51,591
Unearned Revenue	8,241		8,241	737,911
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	332,468	43,373	375,841	919,949
NET POSITION				
Invested in Capital Assets Net of Related Debt	78,134		78,134	
Assigned to:				
Encumbrances				58,797
Unrestricted	105,494	80,232	185,726	
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 183,628	\$ 80,232	\$ 263,860	\$ 58,797
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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

	Business-type Activities - Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service	SACC Program	Total Enterprise	
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 225,390	\$	\$ 225,390	\$
Daily Sales - Non-reimbursable Programs	116,460		116,460	
Special Functions	32,177		32,177	
Service Charges		141,166	141,166	807,245
Total Operating Revenues	<u>374,027</u>	<u>141,166</u>	<u>515,193</u>	<u>807,245</u>
Operating Expenses:				
Cost of Sales	293,037		293,037	
Salaries	210,613	94,621	305,234	625,901
Employee Benefits	40,921	8,143	49,064	28,466
Equipment				105,415
Purchased Professional/ Technical Services				45,359
Other Purchased Services				672
Supplies and Materials	26,450	5,893	32,343	134,085
Management Fees	59,551		59,551	
Insurance	17,355		17,355	
Miscellaneous Other Costs	57,369	3,702	61,071	221,041
Depreciation	3,469		3,469	
Total Operating Expenses	<u>708,765</u>	<u>112,359</u>	<u>821,124</u>	<u>1,160,939</u>
Operating Income (loss)	<u>(334,738)</u>	<u>28,807</u>	<u>(305,931)</u>	<u>(353,694)</u>
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	6,786		6,786	
Federal Sources:				
National School Lunch Program	246,076		246,076	
National School Breakfast Program	81,371		81,371	
Special Milk Program	1,285		1,285	
Food Distribution Program	62,411		62,411	
Transfer to Unearned Revenue				372,621
Cancellation of Accounts Receivable				(11,737)
Interest and Miscellaneous Items	329	242	571	
Total Non-operating Revenues (Expenses)	<u>398,258</u>	<u>242</u>	<u>398,500</u>	<u>360,884</u>
Income (Loss) before Contributions & Transfers	<u>63,520</u>	<u>29,049</u>	<u>92,569</u>	<u>7,190</u>
Change in Net Position	63,520	29,049	92,569	7,190
Total Net Position—Beginning	<u>120,108</u>	<u>51,183</u>	<u>171,291</u>	<u>51,607</u>
Total Net Position—Ending	<u>\$ 183,628</u>	<u>\$ 80,232</u>	<u>\$ 263,860</u>	<u>\$ 58,797</u>

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

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	SACC Program	Total Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 374,027	\$ 141,166	\$ 515,193	\$ 807,245
Payments to employees	(210,613)	(94,621)	(305,234)	(625,901)
Payments for employee benefits	(40,921)	(8,143)	(49,064)	(28,466)
Payments to suppliers	(388,539)	30,100	(358,439)	(828,124)
Net cash provided by (used for) operating activities	(266,046)	68,502	(197,544)	(675,246)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	6,786		6,786	
Federal Sources	328,732		328,732	
Transfer to Unearned Revenue				372,621
Cancellation of Accounts Receivable				(11,737)
Net cash provided by (used for) non-capital financing activities	335,518		335,518	360,884
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets				
Net cash provided by (used for) capital and related financing activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	329	242	571	
Proceeds from sale/maturities of investments				
Net cash provided by (used for) investing activities	329	242	571	-
Net increase (decrease) in cash and cash equivalents	69,801	68,744	138,545	(314,362)
Balances—beginning of year	103,245	46,080	149,325	829,299
Balances—end of year	\$ 173,046	\$ 114,824	\$ 287,870	\$ 514,937
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (334,738)	\$ 28,807	\$ (305,931)	\$ (353,694)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	3,469		3,469	
Federal commodities	62,411		62,411	
(Increase) decrease in accounts receivable, net	(32,844)	(786)	(33,630)	(21,984)
(Increase) decrease in interfund receivable	15,253		15,253	(31,110)
(Increase) decrease in inventories	(9,033)		(9,033)	
(Increase) decrease in fixed assets, net	(29,653)		(29,653)	
Increase (decrease) in accounts payable	54,346	(1,257)	53,089	84,301
Increase (decrease) in unearned revenue	4,743	(166)	4,577	(372,621)
Increase (decrease) in interfunds payable		40,916	40,916	19,862
Increase (decrease) in other liabilities				
Increase (decrease) in compensated absences		988	988	
Transfers to Unearned Revenue				
Cancellation of Accounts Payable				
Total adjustments	68,692	39,695	108,387	(321,552)
Net cash provided by (used for) operating activities	\$ (266,046)	\$ 68,502	\$ (197,544)	\$ (675,246)

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

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

	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 91,602	\$ 178,083
Due from Scholarship Fund		
	<hr/>	<hr/>
Total Assets	91,602	178,083
	<hr/>	<hr/>
LIABILITIES		
Payable to Student Groups		162,164
Payroll Deductions and Withholdings		15,079
Due to Current Fund		840
	<hr/>	<hr/>
Total Liabilities		\$ 178,083
	<hr/>	<hr/>
NET POSITION		
Reserved for Scholarships	\$ 91,602	
	<hr/>	

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

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

	<u>Private Purpose Scholarship Fund</u>
ADDITIONS	
Investment Earnings:	
Interest	\$ 280
	<hr/>
Total Additions	280
DEDUCTIONS	
Scholarships Awarded	
	<hr/>
Change in Net Position	280
Net Position—Beginning of the Year	91,322
	<hr/>
Net Position—End of the Year	\$ 91,602
	<hr/> <hr/>

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

FIDUCIARY FUNDS

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

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Pittsgrove Township School District (District) is organized under the Constitution of the State of New Jersey. The District operates under a locally elected Board form of government consisting of nine members elected to three-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of sixty-five square miles. It is located in Salem County and provides education for all of Pittsgrove Township's grades K through 12. The District currently operates four instructional buildings, an administrative building, and a special services building.

A. Reporting Entity:

The Pittsgrove Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms and one sending district member appointed annually. The purpose of the district is to educate students in grades K-12. The School District had an approximate enrollment at June 30, 2016 of 1,803 students.

The primary criterion for including activities within the District's reporting entity, per Sec. 2100 of GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. New Accounting Standards:

The School 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. New Accounting Standards (Continued):

- 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. 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 the 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 School District.
- 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 and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. New Accounting Standards (Continued):

- 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.
- 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. The adoption of GASB 72, did not impact the financial statements of the School District.

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

- 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. New Accounting Standards (Continued):

- *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.

- *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.

A. Basis of Presentation:

The District's basic financial statements consist of District-wide statements, including a statement of Net Position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements: The statement of Net Position and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation (Continued):

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of Net Position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the opinion noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

B. 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 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (continued):

GOVERNMENTAL FUND TYPE

The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position, (sources, uses and balances of financial resources) rather than upon net income. The District reports the following major 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 sub-fund.

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 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 capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. 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). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

PROPRIETARY FUND TYPE

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:

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Continued):

PROPRIETARY FUND TYPE

Enterprise (Food Service and SACC) 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 Fund is comprised of the Food Service Fund and the School Age Child Care Program.

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

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

Food Service Fund:	
Equipment	7-20 Years

Internal Service Fund - The Internal Service Fund has been established to account for various services provided by the Pittsgrove Township School District for use by various other districts within and outside of the County of Salem, as well as for the Pittsgrove Township School District itself. Services are generally provided on a cost-reimbursement basis.

The district implemented the use of internal service funds for the following:

- Business Services
- Internet Access
- Distance Learning Hub
- Transportation Jointures
- Joint paper purchasing for other school districts
- Art Academy
- Custodial Services – Through October, 2009

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Continued):

FIDUCIARY FUND TYPE

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the School District:

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.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District maintains a Scholarship Fund as a Nonexpendable Trust 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.

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. 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 monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus (Continued):

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for the principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring the financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, 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. 6A:23A-16.2 (f) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year. 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types. Note that the district does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment. The general fund statement of revenue reflects the last state aid payment of the prior year, which was received in July 2015 as revenue, but omits the last state aid payment of the current 2015-16 year received in July 2016.

E. Encumbrances:

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as 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.

F. 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.

G. Tuition Payable:

Tuition charges for the fiscal years 2015-16, 2014-15 and 2013-14 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Inventories and Prepaid Expenses:

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

On district-wide financial statements and in the Enterprise Fun inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Short -Term Interfund Receivables/Payables:

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

J. Assets, Liabilities and Equity:

Transactions

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

Inventories

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 and is expensed when used. Of the \$12,531 in inventory reflected as of June 30, 2016, Federal Commodity Food represents \$4,743. Per agreement with the management service company, supply and purchased food inventory is owned by the management company. Supply and purchased food consumed by the District is billed to the District in the period consumed. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

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 has been included as an item of non-operating revenue in the financial statements.

Capital Assets - The District is establishing a formal system of accounting for its capital assets. Capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. Capital assets acquired or constructed prior to June 30, 2003 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Assets, Liabilities and Equity: (Continued)

Capital assets are depreciated in the District-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	30-50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

K. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the Long-Term Debt. In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Unearned Revenue:

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

M. Bond and Lease Acquisition Costs:

As part of any long-term bond or lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. The prior year Net Position has been restated, to write off the balance of unamortized bond and lease issue costs as of June 30, 2016.

N. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

O. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

P. Extraordinary and Special Items:

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

Q. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

R. Fund Equity:

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

S. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

T. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

U. Net Position:

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

V. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

W. Revenues – Exchange and Non-exchange Transactions:

Revenue is resulting from exchange transactions, in which each party gives and receives essentially equal value, and is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which resources are measurable and become available. Available means 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 within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

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 year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

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

NOTE 3. CASH AND 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.

Investments are stated at cost, or amortized cost, which approximates market. The Board classifies U.S. Treasury with Agency obligations and certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments 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 in which they may invest. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts as follows:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the School District.

School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2016, the District had \$270,095 on deposit with the New Jersey Cash Management.

Deposits:

N.J.S.A. 17:9-41, et seq. establish requirements for the security of deposit of governmental units. The statutes require that school districts deposit public funds in public depositories secured in accordance with the Governmental Unit Deposit Protection Act, which is a multiple financial institution collateral pool enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

Public depositories include State or Federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured.

All public depositories must pledge collateral, having market value at least equal to 5% of the average daily balance of collected public funds on deposit, 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 Governmental Units.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

The School District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the Governmental Unit Deposit Protection Act and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

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

	<u>Cash and Cash Equivalents</u>
Checking Accounts	\$ 1,700,784
N.J. Cash Management Fund	270,096
	<hr/>
Total	\$ 1,970,880
	<hr/> <hr/>

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy 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 School District in excess of FDIC insured amounts are protected by GUDPA. The District does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2016, the District's bank balance of \$3,301,828 was insured or collateralized as follows:

Insured	\$ 500,000
Uninsured and collateralized under GUDPA by pledging financial institutions	2,801,828
	<hr/>
	\$ 3,301,828
	<hr/> <hr/>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

New Jersey Cash Management Fund – During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2016, the District had \$270,095 on deposit with the New Jersey Cash Management Fund.

NOTE 4. CAPITAL RESERVE ACCOUNT

Capital reserve accounts may be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or un-expended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of 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 cost 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:

Beginning Balance July 1, 2015	\$ 2,731
Interest Earnings	10
Withdrawal: Transfer to the Debt Service Fund	()
Ending balance June 30, 2016	<u>\$ 2,741</u>

The June 30, 2016 balance in the Capital Reserve Account is within the maximum balance per the districts' LRFP. There was no withdrawal from the account during the school year ended June 30, 2016.

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

NOTE 5. CAPITAL ASSETS

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

	Balance 7/1/2015	Additions	Transfer	Balance 6/30/2016
Governmental activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 196,431	\$	\$	\$ 196,431
Construction in progress				
Total capital assets not being depreciated	196,431			196,431
Land improvements	2,189,895			2,189,895
Building and building improvements	26,949,937			26,949,937
Buses	2,167,881	548,989		2,716,870
Furniture and equipment	7,209,351	139,555		7,348,906
Totals at historical cost	38,517,064	688,544		39,205,608
Less accumulated depreciation for :				
Land improvements	(1,894,393)	(40,198)		(1,934,591)
Building and improvements	(13,568,918)	(984,047)		(14,552,965)
Buses	(1,969,278)	(140,688)		(2,109,966)
Furniture and Equipment	(6,594,792)	(136,119)		(6,730,911)
Total accumulated depreciation	(24,027,381)	(1,301,052)		(25,328,433)
Total capital assets being depreciated, net of accumulated depreciation	14,489,683	(612,508)		13,877,175
Government activities capital assets, net	\$ 14,686,114	\$ (612,508)	\$	\$ 14,073,606
	To A-1			To A-1
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 259,529	\$ 29,653	\$	\$ 289,182
Less accumulated depreciation for :				
Equipment	(207,579)	(3,469)		(211,048)
Business-type activities capital assets, net	\$ 51,950	\$ 26,184	\$	\$ 78,134

* Depreciation expense was charged to governmental functions as follows:

Instructional	\$ 3,445
Administration	1,074
Unallocated Depreciation	1,296,533
Total depreciation expense	\$ 1,301,052

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

NOTE 6. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Bonds payable:						
General obligation debt	\$ 6,381,000		\$ (550,000)	\$ 5,831,000	\$ 560,000	\$ 5,271,000
Total bonds payable	6,381,000		(550,000)	5,831,000	560,000	5,271,000
Other Liabilities:						
Obligations under capital lease	1,846,717	936,546	(595,746)	2,187,517	637,000	1,550,517
Compensated absences payable	800,016		(71,165)	728,851	1,731	727,120
Total liabilities	\$ 9,027,733	\$ 936,546	\$ (1,216,911)	\$ 8,747,368	\$ 1,198,731	\$ 7,548,637
Business-Type Activities:						
Compensated absences payable	\$ 662	\$ 988		\$ 1,650		\$ 1,650

A. Bonds Payable - Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are general obligation bonds, retired in serial installments within the statutory period of usefulness. On May 21, 2009 the Board of Education Advance-Refunded the 1999 Bond Issue in the amount of \$4,850,000 in refunding bonds at various interest rates per redemption batch, from 3% to 4.25 %. The balance of these bonds is \$2,735,000 as of June 30, 2016.

The District was awarded state grant funding for various capital projects for renovations and improvements to the Olivet elementary school, Middle school and A. P. Schalick High School, of which a bond referendum was held on September 29, 2009 to seek voter approval for the District's matching share of \$1,856,000. Voter approval was achieved and accordingly, bonds were issued with interest rates ranging from 3.5% to 4%. The balance of these bonds is \$1,556,000, as of June 30, 2016.

On March 20, 2013, the District issued bonds to refund a prior bond issue for various school improvements in the amount of \$1,805,000, of which the balance at June 30, 2016 is \$1,540,000.

B. Serial Bonds Payable- Principal and interest due on bonds outstanding is as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 560,000	\$ 218,028	\$ 778,028
2018	580,000	196,628	776,628
2019	595,000	172,928	767,928
2020	605,000	148,753	753,753
2021	640,000	125,496	765,496
2022	655,000	101,009	756,009
2023	675,000	75,753	750,753
2024	730,000	49,809	779,809
2025	410,000	29,240	439,240
2026	185,000	15,240	200,240
2027	196,000	7,836	203,836
	<u>\$ 5,831,000</u>	<u>\$ 1,140,720</u>	<u>\$ 6,971,720</u>

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

NOTE 6. LONG-TERM DEBT (CONT'D)

C. Capital Leases - The District is leasing Buses, Computers, Kitchen Renovations, Smartboards, a Truck, an Energy Retrofit, a New Roof and various other items under capital leases. The district issued \$936,546 in new capital leases during the 2015-16 school-year for various computer equipment buses, textbooks and vehicles. In accordance with GASB Statement No. 65, the associated debt issue costs were expensed on the Statement of Activities. The following is a schedule of the future minimum lease payments under these capital leases at June 30, 2016.

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 637,000	\$ 52,274	\$ 689,274
2018	652,926	36,347	689,273
2019	498,304	21,291	519,595
2020	115,911	8,340	124,251
2021	118,330	5,920	124,250
2022	81,670	3,449	85,119
2023	83,376	1,743	85,119
	<u>\$ 2,187,517</u>	<u>\$ 129,364</u>	<u>\$ 2,316,881</u>

Subsequent to June 30, 2016, the District approved three additional Capital Leases, totaling \$752,978, for Chrome Books, Buses and other Computer Equipment. The following is a schedule of the future minimum lease payments under all capital leases at June 30, 2016, including the three new lease agreements issued after June 30, 2016.

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 637,000	\$ 52,274	\$ 689,274
2018	822,144	47,544	869,688
2019	670,029	29,980	700,009
2020	290,180	14,484	304,664
2021	236,329	9,482	245,811
2022	201,436	5,244	206,680
2023	83,376	1,743	85,119
	<u>\$ 2,940,494</u>	<u>\$ 160,751</u>	<u>\$ 3,101,245</u>

D. Bonds Authorized but Not Issued - As of June 30, 2016 the District had no authorized but not issued bonds.

NOTE 7. MAINTENANCE RESERVE

A Maintenance Reserve may be established by New Jersey school districts for the accumulation of funds for use to fund certain expenditures in the operating budget. There was no balance in the maintenance reserve at June 30, 2016.

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

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the School 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 School 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 \$4,353,480 and revenue of \$4,353,480 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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.

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

NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued) – 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.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, which equal the required contribution for each fiscal year, were as follows:

Public Employees Retirement System					
Fiscal Year	Normal Contribution	Accrued Liability	Total Liability	Funded by State	Paid by District
2016	\$ 58,489	\$ 269,438	\$ 327,927	\$ N/A	\$ 327,927

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

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

NOTE 8. PENSION PLANS (CONT'D)

Vesting and Benefit Provisions (Continued)

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.

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

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/16	\$ 1,976,381	100 %	\$ N/A
6/30/15	1,578,069	100	N/A
6/30/14	1,237,757	100	N/A

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

NOTE 8. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued) -

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$902,159 to the TPAF for pension contributions and \$1,074,222 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 School District \$842,466 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 School 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 School District were \$345,485 for the fiscal year ended June 30, 2016. Employee contributions were \$175,906 for the fiscal year ended June 30, 2016.

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 School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District.

The 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 School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

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

NOTE 8. PENSION PLANS (CONT'D)

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

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$9,020,774 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 School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the School District's proportion was .0401852064%, which represents a .0028% decrease from the prior year.

For the fiscal year ended June 30, 2016, the School District recognized \$472,669 in the government-wide financial statements, for pension expense for PERS.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 215,204	\$
Changes of assumptions	968,759	
Net difference between projected and actual earnings on pension plan investments		145,037
Changes in proportion and differences between District contributions and proportionate share of contributions		555,454
District contributions subsequent to the measurement date	345,485	
Total	\$ 1,529,448	\$ 700,491

\$345,485 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	\$ 90,405
2018	90,405
2019	90,405
2020	90,405
2021	90,405
Thereafter	31,448
Total	\$ 483,472

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

NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued) - 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	\$ 46,170,131,656	\$ 38,849,838,953
District's Proportion	0.0401852064%	0.0430165216%

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%

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.

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

NOTE 8. PENSION PLANS (CONT'D)

Actuarial Assumptions (Continued)

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
Total	100%		100%	

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.

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

NOTE 8. PENSION PLANS (CONT'D)

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

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

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

	1% Decrease (3.9%)	Current Discount (4.9%)	1% Increase (5.9%)
District's proportionate share of the net pension liability	\$ 11,211,718	\$ 9,020,774	\$ 7,183,902

Pension Plan Fiduciary Net Position

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

NOTE 9. 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 during the year ended June 30, 2016 were Copeland, Lincoln, and ING.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 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 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.

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

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

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 11. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, the estimated liability for compensated absences in the Governmental Activities was \$728,851 and \$1,650 for Business – Type Activities.

NOTE 12. TAX ANTICIPATION LOAN

As a result of the delay in the last two state aid revenue receipts, two loans was taken out in the amount of \$1,325,007 and paid off in July, 2016, with interest expense of 3.5% reimbursed from the state.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 595,794	\$ 202,784
Capital Projects Fund		540,337
Enterprise Fund	191,536	40,916
Internal Service Funds	31,110	33,563
Payroll Fund		840
	<hr/>	<hr/>
Total	\$ 818,440	\$ 818,440
	<hr/> <hr/>	<hr/> <hr/>

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

NOTE 14. 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. The district has chosen to purchase insurance to transfer risk to outside parties.

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Percentage Method". Under this plan, the District is required to pay the New Jersey Unemployment Trust Fund based on a percentage of wages up to the statutory limit. The amount computed is payable on a quarterly basis.

The following is a summary of District contributions, employee contributions, payments to the State and the ending balance of the District's expendable trust fund for the current and prior years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 64,336	\$ 36,987	\$ 101,323	\$ 0
2014-2015	59,585	41,154	100,739	0
2013-2014	50,600	51,859	102,459	0

NOTE 15. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

NOTE 16. RECEIVABLES

Receivables 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.

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

<u>Receivables:</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Funds</u>	<u>Internal Service Fund</u>
Governmental	\$ 600,522	\$ 188,757	\$ 569,280	\$ 58,713	\$ 108,005
Other	30,749	4,150		10,917	271,716
Totals	\$ 631,271	\$ 192,907	\$ 569,280	\$ 69,630	\$ 379,721

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

NOTE 17. FUND BALANCE APPROPRIATED

General Fund - Of the 308,162 General Fund balance at June 30, 2016, \$652,943 is assigned for encumbrances; \$0 is restricted as excess surplus in accordance with *N.J.S.A.* 118A:7F-7; \$2,741 has been restricted in the Capital Reserve Account; \$338,000 has been assigned, appropriated and included as anticipated revenue for the year ending June 30, 2016 and the net result is a deficit of (\$685,522) in unassigned and unrestricted fund balance.

NOTE 18. CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A.* 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the N J School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There is no excess surplus to be appropriated in the 2015-16 or 2016-17 budgets.

NOTE 19. DEFICIT FUND BALANCES

The District has no deficit fund balance in the General Fund and a deficit of (\$6,930) in the Special Revenue Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable.

Due to the timing difference of recording the last state aid payment, the Special Revenue Fund 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 deficit in the GAAP General Fund statements of \$441,804 is less than the last two state payments. The District deficit in the GAAP Special Revenue fund statement of \$6,930 is equal to the last two state aid payments.

NOTE 20. OPERATING LEASES

The District made the final operating lease payment of \$11,484 in 2015-16 for the Elmer School Building with contents and copiers.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 9,766,792	\$	\$ 9,766,792	\$ 9,766,792	\$
Tuition - Other LEA's	3,152,133		3,152,133	3,133,105	(19,028)
Tuition - ELLI				32,243	32,243
Interest Earned on Deposits				7,297	7,297
Interest Earned on Capital Reserve Funds	10		10	10	
Miscellaneous	177,439		177,439	192,446	15,007
Total Local Sources	13,096,374		13,096,374	13,131,893	35,519
State Sources:					
Equalization Aid	10,430,292		10,430,292	10,430,292	
Categorical Transportation Aid	729,154		729,154	729,154	
Special Education Categorical Aid	837,197		837,197	837,197	
Categorical Security Aid	228,815		228,815	228,815	
Adjustment Aid	12,519		12,519	12,519	
School Choice Aid	1,267,285		1,267,285	1,267,285	
PARCC Readiness Aid	14,560		14,560	14,560	
Per Pupil Growth Aid	14,560		14,560	14,560	
Other State Aids:					
Extraordinary Aid				193,589	193,589
Non-Public Transportation Aid				11,483	11,483
TPAF Pension (On-Behalf - Non-Budgeted)				902,159	902,159
TPAF Post Retirement-Medical (On-Behalf - Non-Budgeted)				1,074,222	1,074,222
TPAF Social Security (Reimbursed - Non-Budgeted)				842,466	842,466
Total State Sources	13,534,382		13,534,382	16,558,301	3,023,919
Federal Sources:					
Medicaid Program - SEMI	36,231		36,231	18,614	(17,617)
Total Federal Sources	36,231		36,231	18,614	(17,617)
Total Revenues	\$ 26,666,987	\$	\$ 26,666,987	\$ 29,708,808	\$ 3,041,821
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	\$ 393,977	\$ (44,410)	\$ 349,567	\$ 349,428	\$ 139
Grades 1-5 - Salaries of Teachers	1,824,756	78,631	1,903,387	1,903,371	16
Grades 6-8 - Salaries of Teachers	1,604,705	(112,491)	1,492,214	1,491,996	218
Grades 9-12 - Salaries of Teachers	2,255,111	(9,569)	2,245,542	2,244,336	1,206
Regular Programs - Home Instruction:					
Salaries of Teachers	11,872	9,990	21,862	21,643	219
Purchased Professional-Educational Services	49,681	2,180	51,861	44,701	7,160
Other Purchased Services (400-500 series)	1,500	(1,500)			
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	140,024	100,570	240,594	240,431	163
Purchased Technical Services	60,475	(5,770)	54,705	51,553	3,152
Other Purchased Services (400-500 series)	318,171	12,018	330,189	327,461	2,728
General Supplies	284,229	(73,915)	210,314	207,757	2,557
Textbooks	22,014	2,050	24,064	22,396	1,668
Other Objects	5,525	(200)	5,325	1,119	4,206
TOTAL REGULAR PROGRAMS - INSTRUCTION	6,972,040	(42,416)	6,929,624	6,906,192	23,432
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
General Supplies					
Total Learning and/or Language Disabilities					

PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Behavioral Disabilities:					
Salaries of Teachers	\$ 177,502	\$ (20,215)	\$ 157,287	\$ 156,781	\$ 506
Purchased Professional-Educational Services	25,062	19,704	44,766	37,528	7,238
General Supplies	2,568	(950)	1,618	1,103	515
Other Objects	2,751	(850)	1,901	757	1,144
Total Behavioral Disabilities	207,883	(2,311)	205,572	196,169	9,403
Multiple Disabilities:					
Salaries of Teachers	349,951	(40,704)	309,247	309,013	234
Other Salaries for Instruction	3,780	(3,345)	435		435
Purchased Professional Educational Services	107,650	14,521	122,171	96,748	25,423
General Supplies	3,730	3,329	7,059	5,442	1,617
Textbooks		1,095	1,095	1,052	43
Other Objects	1,000	1,220	2,220	2,120	100
Total Multiple Disabilities	466,111	(23,884)	442,227	414,375	27,852
Resource Room/Resource Center:					
Salaries of Teachers	1,234,066	119,043	1,353,109	1,352,285	824
Purchased Professional-Educational Services	278,986	114,484	393,470	378,027	15,443
General Supplies	6,750	1,867	8,617	7,481	1,136
Other Objects	3,610	(2,590)	1,020		1,020
Total Resource Room/Resource Center	1,523,412	232,804	1,756,216	1,737,793	18,423
Autism					
Salaries of Teachers		53,719	53,719	53,719	
Total Autism		53,719	53,719	53,719	
Preschool Disabilities - Part-Time:					
Salaries of Teachers	81,430	(5,915)	75,515	74,950	565
Other Salaries for Instruction	6,361	(5,941)	420		420
Purchased Professional-Educational Services	15,013	(494)	14,519	13,266	1,253
General Supplies	600	2,500	3,100	2,446	654
Other Objects	675	181	856	827	29
Total Preschool Disabilities - Part-Time	104,079	(9,669)	94,410	91,489	2,921
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,301,485	250,659	2,552,144	2,493,545	58,599
Basic Skills/Remedial - Instruction					
Salaries of Teachers	381,612	61,957	443,569	442,472	1,097
Other Salaries for Instruction		25,115	25,115	25,115	
Purchased Professional-Educational Services		550	550	514	36
Total Basic Skills/Remedial - Instruction	381,612	87,622	469,234	468,101	1,133
School-Spon. Co curricular Actvts. - Inst.					
Salaries	50,586	4,000	54,586	52,546	2,040
Purchased Services (300-500 series)	1,500		1,500	1,118	382
Supplies and Materials	2,050	107	2,157	978	1,179
Total School-Spon. Co-curricular Actvts. - Inst.	54,136	4,107	58,243	54,642	3,601
School-Spon. Co-curricular Athletics - Inst.					
Salaries	268,847	(9,850)	258,997	258,951	46
Purchased Services (300-500 series)	89,636	1,273	90,909	89,778	1,131
Supplies and Materials	49,810	357	50,167	44,599	5,568
Total School-Spon. Co-curricular Athletics - Inst.	408,293	(8,220)	400,073	393,328	6,745
TOTAL INSTRUCTION	10,117,566	291,752	10,409,318	10,315,808	93,510
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	97,320	(47,185)	50,135	43,425	6,710
Tuition to Other LEAs Within the State - Special	20,500	27,500	48,000	45,576	2,424
Tuition - County Voc School Districts - Regular	107,250	39,000	146,250		146,250
Tuition to CSSD & Regional Day Schools	196,518	117,258	313,776	299,186	14,590
Tuition to Private Schools for the Disabled - Within State	588,537	(426,277)	162,260	162,239	21
Total Undistributed Expenditures - Instruction:	1,010,125	(289,704)	720,421	550,426	169,995

**PITTSBURGH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed Expend. - Attend. & Social Work					
Salaries	\$ 32,507	\$ (450)	\$ 32,057	\$ 32,003	\$ 54
Other Purchased Services	200	570	770	769	1
Total Undistributed Expend. - Attend. & Social Work	32,707	120	32,827	32,772	55
Undist. Expend. - Health Services					
Salaries	313,541	21,230	334,771	334,517	254
Purchased Professional and Technical Services	12,700	1,430	14,130	13,320	810
Other Purchased Services (400-500 series)	510	510	1,020	813	207
Supplies and Materials	9,932	(267)	9,665	8,644	1,021
Total Undistributed Expenditures - Health Services	336,683	22,903	359,586	357,294	2,292
Undist. Expend. - Other Supp. Serv. Students - Rel. Serv.					
Salaries	236,468	2,752	239,220	238,978	242
Purchased Professional - Educational Services	90,490	5,729	96,219	95,916	303
Supplies and Materials	4,235	725	4,960	4,737	223
Other Objects	1,150		1,150	379	771
Total Undist. Exp. - Other Supp. Serv. Students - Rel. Serv.	332,343	9,206	341,549	340,010	1,539
Undist. Expend. - Other Supp. Serv. Stud - Extraord. Serv.					
Purchased Professional - Educational Services	382,701	233,044	615,745	551,258	64,487
Total Undist. Exp. - Other Sup. Serv. Stud - Extraord. Serv.	382,701	233,044	615,745	551,258	64,487
Undistributed Expend. - Guidance					
Salaries of Other Professional Staff	482,774	(1,607)	481,167	479,510	1,657
Salaries of Secretarial and Clerical Assistants	114,763	1,607	116,370	116,367	3
Purchased Professional- Educational Services	1,500		1,500		1,500
Other Purchased Prof. and Tech. Services	18,375	200	18,575	18,197	378
Other purchased Services (400-500 series)	16,050	(1,105)	14,945	11,936	3,009
Supplies and Materials	6,880	(65)	6,815	4,294	2,521
Other Objects	500	65	565	565	
Total Undist. Expend.- Guidance	640,842	(905)	639,937	630,869	9,068
Undistributed Expend. - Child Study Teams					
Salaries of Other Professional Staff	407,225	10,820	418,045	415,303	2,742
Salaries of Secretarial and Clerical Assistants	122,521	(14,080)	108,441	106,792	1,649
Purchased Professional- Educational Services	5,250	15,730	20,980	20,746	234
Other Purchased Prof. and Tech. Services	32,798	(2,800)	29,998	28,666	1,332
Misc Pur Serv (400-500 series)	40,000	(24,953)	15,047	12,573	2,474
Supplies and Materials	18,376	(1,741)	16,635	15,022	1,613
Other Objects	1,195	3,023	4,218	3,898	320
Total Undist. Expend.- Child Study Teams	627,365	(14,001)	613,364	603,000	10,364
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	104,221	(6,680)	97,541	94,931	2,610
Salaries of Other Professional Staff	245,782	75,894	321,676	321,675	1
Salaries of Secretarial and Clerical Assist.	71,706	(151)	71,555	69,681	1,874
Other Salaries	33,500		33,500	32,896	604
Other Purch Services (400-500)	37,400	513	37,913	34,702	3,211
Supplies and Materials	7,500	(3,387)	4,113	2,925	1,188
Other Objects	8,000		8,000	6,265	1,735
Total Undist. Expend. - Improvement of Inst. Serv.	508,109	66,189	574,298	563,075	11,223
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	225,186	(29,666)	195,520	185,177	10,343
Purchased Professional and Technical Services	16,700	396	17,096	16,355	741
Other Purchased Services (400-500 series)	20,695	(5,905)	14,790	14,338	452
Supplies and Materials	111,085	(14,536)	96,549	93,929	2,620
Total Undist. Expend. - Edu. Media Serv./Sch. Library	373,666	(49,711)	323,955	309,799	14,156
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	5,000	(1,450)	3,550	1,544	2,006
Other Purchased Services (400-500 series)	1,800		1,800	74	1,726
Supplies and Materials	12,000	1,500	13,500	13,489	11
Other Objects	1,000	(50)	950		950
Total Undist. Expend. - Instructional Staff Training Serv.	19,800		19,800	15,107	4,693

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	\$ 288,362	\$ 1,110	\$ 289,472	\$ 289,085	\$ 387
Legal Services	50,000	65,800	115,800	109,217	6,583
Audit Fees	27,000	(355)	26,645	26,645	
Architectural/Engineering Services	5,000	3,731	8,731	5,280	3,451
Other Purchased Professional Services	15,000	(7,036)	7,964	7,887	77
Communications/Telephone	52,500	30,141	82,641	82,235	406
BOE Other Purchased Services	14,068	(2,930)	11,138	10,625	513
Other Purchased Services (400-500 series)	139,256	(37,943)	101,313	100,534	779
General Supplies	10,910	8,420	19,330	19,039	291
BOE In-House Training/Meeting Supplies	4,000	(2,031)	1,969	1,883	86
Miscellaneous Expenditures	3,390	121	3,511	3,510	1
BOE Membership Dues and Fees	12,100	(700)	11,400	11,281	119
Total Undist. Expend. - Supp. Serv. - General Admin.	621,586	58,328	679,914	667,221	12,693
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	715,622	(3,820)	711,802	711,743	59
Salaries of Secretarial and Clerical Assistants	308,469	(2,920)	305,549	304,693	856
Other Purchased Services (400-500 series)	17,200	(5,430)	11,770	10,775	995
Supplies and Materials	14,490	9,130	23,620	19,854	3,766
Other Objects	12,800	(89)	12,711	11,429	1,282
Total Undist. Expend. - Support Serv. - School Admin.	1,068,581	(3,129)	1,065,452	1,058,494	6,958
Undist. Expend. - Central Services					
Salaries	311,833	(9,300)	302,533	301,715	818
Purchased Professional Services	2,230	5,930	8,160	8,160	
Purchased Technical Services	1,000	500	1,500	1,500	
Miscellaneous Purchased Services (400-500 series)	21,300	(470)	20,830	20,355	475
Supplies and Materials	15,500	8,341	23,841	21,309	2,532
Interest on Current Loans	25,000	(7,980)	17,020	16,712	308
Interest on Lease Purchase Agreements	33,634	(2,500)	31,134	31,062	72
Other Objects	2,550		2,550	2,525	25
Total Undist. Expend. - Central Services	413,047	(5,479)	407,568	403,338	4,230
Undist. Expend. - Admin. Info. Technology					
Salaries	236,498	(28,095)	208,403	206,806	1,597
Purchased Technical Services	57,615	(7,859)	49,756	49,718	38
Other Purchased Services (400-500 series)	22,850	12,575	35,425	33,470	1,955
Supplies and Materials	18,000	1,762	19,762	19,424	338
Total Undist. Expend. - Admin. Info. Technology	334,963	(21,617)	313,346	309,418	3,928
Undist. Expend. - Req. Maint. for School Facilities					
Cleaning, Repair, and Maintenance Services	112,553	(31,375)	81,178	62,456	18,722
General Supplies	59,953	(22,631)	37,322	35,412	1,910
Total Undist. Expend. - Req. Maint. for School Facilities	172,506	(54,006)	118,500	97,868	20,632
Undist. Expend. - Custodial Services					
Salaries	508,956	15,078	524,034	513,488	10,546
Purchased Professional and Technical Services	102,678	35,497	138,175	131,507	6,668
Cleaning, Repair and Maintenance Services	654,341	77,301	731,642	721,546	10,096
Rental of Land, Building & Other than Lease Purchases	102,500		102,500	102,500	
Other Purchased Property Services	78,032	(8,260)	69,772	66,259	3,513
Insurance	92,881		92,881	90,897	1,984
Miscellaneous Purchased Services	6,600		6,600	525	6,075
General Supplies	139,345	(47,940)	91,405	71,244	20,161
Energy (Natural Gas)	154,354	(57,100)	97,254	92,785	4,469
Energy (Electricity)	516,104	2,974	519,078	517,555	1,523
Other Objects	100	2,000	2,100	2,018	82
Total Undist. Expend. - Custodial Services	2,355,891	19,550	2,375,441	2,310,324	65,117

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	\$ 141,838	\$ 1,890	\$ 143,728	\$ 135,698	\$ 8,030
General Supplies	38,800	(9,977)	28,823	14,750	14,073
Total Undist. Expend. - Care and Upkeep of Grounds	180,638	(8,087)	172,551	150,448	22,103
Undist. Expend. - Security					
Salaries	61,641	9,420	71,061	70,666	395
Cleaning, Repair and Maintenance Services	2,300	(2,120)	180		180
General Supplies	8,250	(3,520)	4,730	4,647	83
Other Objects	500		500		500
Total Undist. Expend. - Security	72,691	3,780	76,471	75,313	1,158
Total Undist. Expend. - Oper. & Maint. Of Plant	2,781,726	(38,763)	2,742,963	2,633,953	109,010
Undist. Expend. - Student Transportation Serv.					
Sal. For Pup.Trans. (Bet. Home and School) - Regular	599,416	8,970	608,386	600,897	7,489
Sal. For Pup.Trans. (Bet. Home and School) - Special	152,182	22,989	175,171	148,610	26,561
Sal. For Pup. Trans. (Other than Bet. Home and School)	87,739	44,411	132,150	131,508	642
Management Fee - ESC & CTSA Transportation Programs	200	1	201	201	
Other Purchased Professional and Technical Services	6,000		6,000	1,774	4,226
Cleaning, Repair and Maintenance Services	12,149		12,149	6,616	5,533
Lease Purchase Payments - School Buses	250,476		250,476	250,476	
Contr Serv. - Aid in Lieu Payments - Nonpublic	66,300	(8,907)	57,393	55,702	1,691
Contr Serv. - Aid in Lieu Payments - Charter	2,652		2,652	2,652	
Contr Serv (not Home/School) - Vendors	2,000	1,600	3,600	3,600	
Contr Serv (Spl. Ed. Students) - Joint Agreements	26,500	(20,601)	5,899		5,899
Contr Serv (Spl. Ed. Students) - ESCs		27,400	27,400	27,344	56
Misc. Purchased Serv. - Transportation	77,236	11,600	88,836	88,799	37
General Supplies	3,938	6,072	10,010	8,660	1,350
Transportation Supplies	462,550	(193,876)	268,674	255,752	12,922
Miscellaneous Expenditures	5,585		5,585	3,934	1,651
Total Undist. Expend. - Student Transportation Serv.	1,754,923	(100,341)	1,654,582	1,586,525	68,057
UNALLOCATED BENEFITS - Employee Benefits					
Social Security Contributions	312,244	(38,700)	273,544	266,323	7,221
Other Retirement Contributions - PERS	331,150	20,910	352,060	352,035	25
Unemployment Compensation	53,403	7,520	60,923	46,955	13,968
Workmen's Compensation	217,390	8,714	226,104	224,746	1,358
Health Benefits	4,047,499	(139,597)	3,907,902	3,472,911	434,991
Tuition Reimbursement	20,000	5,400	25,400	25,393	7
Other Employee Benefits	299,488	95,300	394,788	393,557	1,231
TOTAL UNALLOCATED BENEFITS	5,281,174	(40,453)	5,240,721	4,781,920	458,801
On-behalf TPAF Pension Contributions (non-budgeted)				902,159	(902,159)
On-behalf TPAF Post Retirement Contrib (non-budgeted)				1,074,222	(1,074,222)
Reimbursed TPAF Social Security Cont. (non-budgeted)				842,466	(842,466)
TOTAL ON-BEHALF CONTRIBUTIONS				2,818,847	(2,818,847)
TOTAL PERSONAL SERV. - EMPLOYEE BENEFITS	5,281,174	(40,453)	5,240,721	7,600,767	(2,360,046)
TOTAL UNDISTRIBUTED EXPENDITURES	16,520,341	(174,313)	16,346,028	18,213,326	(1,867,298)
TOTAL GENERAL CURRENT EXPENSE	26,637,907	117,439	26,755,346	28,529,134	(1,773,788)
CAPITAL OUTLAY					
Increase in Capital Reserve		20	20		20
Interest Deposit to Capital Reserve	10	10	20		20
Equipment					
Undistributed Expenditures:					
Instruction					
Special Education Instruction	19,000	2,918	21,918	20,502	1,416
Custodial Services		11,426	11,426	11,376	50
Special Schools (All Programs)		10,150	10,150	10,150	
Total Equipment	19,000	24,494	43,494	42,028	1,466

PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Facilities Acquisition and Construction Services					
Lease Purchase Agreement - Principal	\$ 233,572		\$ 233,572	\$ 233,571	\$ 1
Assessment for Debt Service on SDA Funding	53,260		53,260	53,260	
Total Facilities Acquisition and Construction Services	286,832		286,832	286,831	1
Assets Acquired Under Capital Leases (non-budgeted)				936,546	(936,546)
TOTAL CAPITAL OUTLAY	305,842	24,524	330,366	1,265,405	(935,039)
Other Special Schools-Summer School					
Purchased Professional and Technical Services	34,590	16,078	50,668	41,727	8,941
General Supplies		2,728	2,728	1,721	1,007
Total Other Special Schools-Instruction	34,590	18,806	53,396	43,448	9,948
Other Special Schools-Support Services					
Personal Services-Employee Benefits					
Total Other Special Schools-Support Services					
Total Other Special Schools	34,590	18,806	53,396	43,448	9,948
TOTAL EXPENDITURES	26,978,339	160,769	27,139,108	29,837,987	(2,698,879)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(311,352)	(160,769)	(472,121)	(129,179)	342,942
Other Financing Sources:					
Operating Transfer (Out) and In:					
Transfer from Capital Projects Fund				111	111
Proceeds from Capital Leases				936,546	936,546
Transfer of Funds to Charter School	(26,648)		(26,648)	(26,648)	
Total Other Financing Sources:	(26,648)		(26,648)	910,009	936,657
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(338,000)	(160,769)	(498,769)	780,830	1,279,599
Fund Balance, July 1	852,339		852,339	852,339	
Fund Balance, June 30	\$ 514,339	\$ (160,769)	\$ 353,570	\$ 1,633,169	\$ 1,279,599
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 2,741	
Assigned Fund Balance:					
Encumbrances				652,943	
Designated for Subsequent Years Expenditures				338,000	
Unassigned Fund Balance				639,485	
				1,633,169	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(1,325,007)	
Fund Balance per Governmental Funds (GAAP)				\$ 308,162	

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$ 69,300		\$ 69,300	\$ 69,300	
Federal Sources	797,653	135,337	932,990	899,143	33,847
Other Sources		15,000	15,000	7,002	7,998
Total Revenues	<u>866,953</u>	<u>150,337</u>	<u>1,017,290</u>	<u>975,445</u>	<u>41,845</u>
EXPENDITURES:					
Instruction					
Salaries - Teachers	303,348	31,423	334,771	324,122	10,649
Purchased Prof - Tech Services		15,916	15,916	9,916	6,000
Purchased Prof - Ed Services		7,831	7,831	7,831	
Other Purchased Services		895	895	895	
Tuition-Child Study Team	378,810	103,732	482,542	482,542	
Supplies and Materials	184,795	(125,850)	58,945	48,341	10,604
Other Objects		1,675	1,675	1,176	499
Total Instruction	<u>866,953</u>	<u>35,622</u>	<u>902,575</u>	<u>874,823</u>	<u>27,752</u>
Support Services					
Salaries - Teachers		1,000	1,000		1,000
Personal Services - Employee Benefits		58,179	58,179	55,145	3,034
Purchased Prof. - Tech. Services		5,600	5,600	3,400	2,200
Other Purchased Services		38,536	38,536	32,405	6,131
Supplies and Materials		11,400	11,400	9,672	1,728
Total Support Services		<u>114,715</u>	<u>114,715</u>	<u>100,622</u>	<u>14,093</u>
Facilities Acquisition and Construction Services:					
Non-instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>866,953</u>	<u>150,337</u>	<u>1,017,290</u>	<u>975,445</u>	<u>41,845</u>
Other Financing Sources (Uses)					
Total Other Financing Sources (Uses)					
Total Outflows	<u>866,953</u>	<u>150,337</u>	<u>1,017,290</u>	<u>975,445</u>	<u>41,845</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

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

PITTSBORO TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL 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>
Sources/inflows of resources					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 29,708,808	[C-2]	\$	975,445
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					2,797
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		1,299,476			6,930
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(1,325,007)			(6,930)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 29,683,277</u>	[B-2]	\$	<u>978,242</u>
Uses/outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 29,837,987	[C-2]	\$	975,445
Differences - budget to GAAP					
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.					2,797
Pension Expense recognized for GAAP but not for budgetary purposes.					
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 29,837,987</u>	[B-2]	\$	<u>978,242</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PITTSBORO 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)	0.040185%	0.043017%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,020,774	\$ 8,053,869
District's Covered-Employee Payroll	\$ 2,501,427	\$ 2,539,163
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	360.63%	317.19%
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

PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 345,485	\$ 354,622
Contributions in Relation to the Contractually Required Contribution	<u>(345,485)</u>	<u>(354,622)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 District's Covered-Employee Payroll	 \$ 2,501,427	 \$ 2,539,163
 Contributions as a Percentage of Covered-Employee Payroll	 13.81%	 13.97%

PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER'S PENSION PLAN

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.112808%	0.110844%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 71,299,551	\$ 59,242,417
District's Covered-Employee Payroll	\$ 11,801,637	\$ 11,402,837
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	604.15%	519.54%
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.

PITTSGROVE 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

PITTSGROVE 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.

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

	<u>Preschool Education</u>	<u>PSEG Grant</u>	<u>NJJJC</u>	<u>Sub-Total Per E-1(2)</u>	<u>Totals 2016</u>
REVENUES:					
State Sources	\$ 69,300	\$	\$	\$	\$ 69,300
Federal Sources				899,143	899,143
Other Sources		2,852	4,150		7,002
Total Revenues	\$ 69,300	\$ 2,852	\$ 4,150	\$ 899,143	\$ 975,445
EXPENDITURES:					
Instruction:					
Salaries - Teachers	\$ 60,469	\$	\$	\$ 263,653	\$ 324,122
Purchased Prof - Tech Services				9,916	9,916
Purchased Prof - Ed Services	7,831				7,831
Other Purchased Services			895		895
Tuition-Child Study Team				482,542	482,542
Supplies and Materials	1,000	2,177	3,255	41,909	48,341
Other Objects		675		501	1,176
Total Instruction	69,300	2,852	4,150	798,521	874,823
Support Services:					
Personal Services - Employee Benefits				55,145	55,145
Purchased Prof - Tech. Services				3,400	3,400
Other Purchased Services				32,405	32,405
Supplies and Materials				9,672	9,672
Total Support Services				100,622	100,622
Facilities Acquisition and Const. Serv.:					
Non-Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 69,300	\$ 2,852	\$ 4,150	\$ 899,143	\$ 975,445

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

	<u>NCLB</u> <u>Title I - Part A</u>	<u>NCLB</u> <u>Title II-A</u>	<u>IDEA</u>		<u>Subtotal</u> <u>2016</u>
	<u>2015-16</u>	<u>2015-16</u>	<u>Part B</u>	<u>Pre K</u>	
REVENUES:					
State Sources					
Federal Sources	\$ 375,111	\$ 31,574	\$ 481,749	\$ 10,709	\$ 899,143
Total revenues	\$ 375,111	\$ 31,574	\$ 481,749	\$ 10,709	\$ 899,143
EXPENDITURES:					
Instruction:					
Salaries - Teachers	\$ 263,653				\$ 263,653
Purch Prof/Tech Serv				9,916	9,916
Purchased Prof - Ed Services					
Other Purchased Services					
Tuition			481,749	793	482,542
Supplies and Materials	41,909				41,909
Other Objects	501				501
Total Instruction	306,063		481,749	10,709	798,521
Support Services:					
Personal Services - Employee Benefits	55,145				55,145
Purchased Professional - Tech. Services	2,800	600			3,400
Other Purchased Services	2,893	29,512			32,405
Supplies and Materials	8,210	1,462			9,672
Total Support Services	69,048	31,574			100,622
Facilities Acquisition and Const. Serv.:					
Non-Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 375,111	\$ 31,574	\$ 481,749	\$ 10,709	\$ 899,143

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 60,469	\$ 60,469	\$
Purchased Prof - Education Services	7,831	7,831	
Supplies and Materials	1,000	1,000	
Total Instruction	<u>69,300</u>	<u>69,300</u>	
Support Services:			
Total Support Services			
Facilities Acquisition and Const. Services:			
Instructional Equipment			
Non-instructional Equipment			
Total Facilities Acquisition and Const. Services			
Contribution to Charter Schools			
Total Expenditures	<u>\$ 69,300</u>	<u>\$ 69,300</u>	<u>\$</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2015-16 Preschool Education Aid Allocation	\$ 69,300	(1)
Add: Actual ECPA Carryover (June 30, 2015)		(2)
Add: Budgeted Transfer from General Fund 2015-16		(3)
Total Preschool Education Aid Funds Available for 2014-15 Budget	<u>69,300</u>	(4)
Less: 2015-16 Budgeted Preschool Education Aid and Prior Year Budgeted (Carryover)	<u>(69,300)</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-	(6)
Add: June 30, 2016 Unexpended Preschool Education Aid		(7)
Less: 2015-16 Commissioner-approved Transfer to the General Fund		(8)
2015-16 Carryover - Preschool Education Aid	<u>\$ -</u>	(9)
2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17	<u>\$ -</u>	(10)

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.

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

<u>Number</u>	<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Cancelled</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance 6/30/16</u>	<u>Memo Only</u>	
				<u>Prior Year</u>	<u>Current Year</u>		<u>Encumbrances</u>	<u>Available Balance</u>
2010-1	Various Renovations at Olivet School	\$ 3,496,413	\$ (129,985)	\$ 3,352,211	\$	\$ 14,217	\$ 14,217	\$
2010-3	Renovations at Shalick High School	281,250	(36,422)	193,196		51,632		51,632
		<u>\$ 3,777,663</u>	<u>\$ (166,407)</u>	<u>\$ 3,545,407</u>	<u>\$</u>	<u>\$ 65,849</u>	<u>\$ 14,217</u>	<u>\$ 51,632</u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

**Revenues and Other Financing
Sources**

Interest Earned	\$	111
Miscellaneous Refund		
Total Revenues		<u>111</u>

**Expenditures and Other Financing
Uses**

Other Professional and Technical Services		
Construction Services		
Total Expenditures		<u></u>

Excess (Deficiency) of Revenues Over (Under) Expenditures before Transfers		111
Transfer to General Fund		<u>(111)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		-
Fund Balance - Beginning		<u>65,849</u>
Fund Balance - Ending	\$	<u><u>65,849</u></u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

Various Renovations at Olivet Elementary School

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EDA Grant	\$ 1,883,685	\$	\$ 1,883,685	\$ 1,883,685
Bond Proceeds & Transfers	1,482,743		1,482,743	1,482,743
Total Revenues	<u>3,366,428</u>		<u>3,366,428</u>	<u>3,366,428</u>
Expenditures and Other Financing Uses				
Other Professional and Technical Services	406,919		406,919	
Construction Services	2,945,292		2,945,292	3,366,428
Total Expenditures	<u>3,352,211</u>		<u>3,352,211</u>	<u>3,366,428</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 14,217</u>	<u>\$</u>	<u>\$ 14,217</u>	<u>\$</u>

Additional project information:

Project Number	4150-060-09-1001-G02 PEC
Grant Date	3/20/2010
Original Authorization Cost	\$3,497,173
Additional Authorized Cost	\$0
Revised Authorized Cost	\$3,497,173
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	6/30/2013

PITTSBORO TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

Renovations at Schalick High School

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds & Transfers	\$ 244,068	\$	\$ 244,068	\$ 244,068
Transfer from Capital Outlay	760		760	760
Total Revenues	244,828		244,828	244,828
Expenditures and Other Financing Uses				
Other Professional and Technical Services	26,931		26,931	26,931
Construction Services	166,265		166,265	217,897
Total Expenditures	193,196		193,196	244,828
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 51,632	\$	\$ 51,632	\$

Additional project information:

Project Number	4150-040-09-1000
Grant Date	3/20/10
Original Authorization Cost	\$281,250
Additional Authorized Cost	\$0
Revised Authorized Cost	\$281,250
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	69%
Original Target Completion Date	N/A
Revised Target Completion Date	6/30/2013

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.

School Age Child Care Fund – This fund provides for the operation of school child supervision.

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.**

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016
(with comparative totals for June 30, 2015)

	Food Service Enterprise Fund	(SACC) School Age Child Care Enterprise Fund	Totals	
			2016	2015
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 173,046	\$ 114,824	\$ 287,870	\$ 149,325
Accounts Receivable:				
State	1,147		1,147	745
Federal	57,566		57,566	26,228
Other	2,136	8,781	10,917	9,027
Interfund	191,536		191,536	206,789
Inventories	12,531		12,531	3,498
Total Current Assets	437,962	123,605	561,567	395,612
Fixed Assets:				
Equipment	289,182		289,182	259,529
Accumulated Depreciation	(211,048)		(211,048)	(207,579)
Total Fixed Assets	78,134		78,134	51,950
Total Assets	\$ 516,096	\$ 123,605	\$ 639,701	\$ 447,562
LIABILITIES				
Current Liabilities:				
Interfund Payable	\$	\$ 40,916	\$ 40,916	\$
Compensated Absences		1,650	1,650	662
Accounts Payable	324,227	807	325,034	271,945
Unearned Revenue	8,241		8,241	3,664
Total Current Liabilities	332,468	43,373	375,841	276,271
NET POSITION				
Investment in Capital Assets net of Related Debt	78,134		78,134	51,950
Unrestricted	105,494	80,232	185,726	119,341
Total Net Position	183,628	80,232	263,860	171,291
Total Liabilities and Net Position	\$ 516,096	\$ 123,605	\$ 639,701	\$ 447,562

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(with comparative totals for June 30, 2015)

	Food Service Enterprise Fund	School Age Child Care Enterprise Fund	Totals	
			2016	2015
OPERATING REVENUES:				
Local Sources:				
Daily Sales-Reimbursable Programs:				
School Lunch Program	\$ 225,390	\$	\$ 225,390	\$ 238,556
Total Daily Sales-Reimbursable Programs	225,390		225,390	238,556
Daily Sales Non-reimbursable Programs	116,460		116,460	109,024
Special Functions	32,177		32,177	26,099
Service Charges		141,166	141,166	128,520
Miscellaneous				500
Total Operating Revenue	374,027	141,166	515,193	502,699
OPERATING EXPENSES:				
Salaries		94,621	94,621	105,356
Employee Benefits		8,143	8,143	8,060
Other Costs	23,467		23,467	41,873
Sodexo Costs:				
Salaries	210,613		210,613	214,484
Employee Benefits	40,921		40,921	41,498
Supplies and Materials	26,450	5,893	32,343	32,756
Management Fees	59,551		59,551	57,462
Insurance	17,355		17,355	16,503
Other Costs	33,902	3,702	37,604	20,085
Cost of Sales	293,037		293,037	300,587
Depreciation	3,469		3,469	2,453
Total Operating Expenses	708,765	112,359	821,124	841,117
Operating Loss	(334,738)	28,807	(305,931)	(338,418)
Non-operating Revenues:				
State Sources:				
State School Lunch Program	6,786		6,786	7,051
Federal Sources:				
National School Breakfast Program	81,371		81,371	67,424
National School Lunch Program	246,076		246,076	234,223
Special Milk Program	1,285		1,285	1,618
Food Distribution Program	62,411		62,411	44,631
Interest Revenue	329	242	571	461
Total Non-operating Revenues	398,258	242	398,500	355,408
Net Income Before Operating Transfers	63,520	29,049	92,569	16,990
Net Income After Operating Transfers	63,520	29,049	92,569	16,990
Total Net Position-Beginning	120,108	51,183	171,291	154,301
Total Net Position-Ending	\$ 183,628	\$ 80,232	\$ 263,860	\$ 171,291

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(with comparative totals for June 30, 2015)

	Food Service Enterprise Fund	School Age Child Care Enterprise Fund	Totals	
			2016	2015
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 374,027	\$ 141,166	\$ 515,193	\$ 502,699
Payments to Employees	(210,613)	(94,621)	(305,234)	(319,840)
Payments for Employee Benefits	(40,921)	(8,143)	(49,064)	(49,558)
Payments to Suppliers	(388,539)	30,100	(358,439)	(397,343)
Net Cash Used by Operating Activities	(266,046)	68,502	(197,544)	(264,042)
Cash Flows from Non-capital Financing Activities:				
Cash Received From General Fund				
Cash Received from State and Federal Reimbursements	335,518		335,518	310,316
Total Cash Provided by Non-Capital Financing Activities	335,518		335,518	310,316
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets				
Net Increase Before Investing Activities	69,472		137,974	46,274
Cash Flows from Investing Activities:				
Interest on Investments	329	242	571	461
Net Cash Provided by Investing Activities	329	242	571	461
Net Increase/(Decrease) in Cash and Cash Equivalents	69,801	68,744	138,545	46,735
Cash and Cash Equivalents, July 1	103,245	46,080	149,325	102,590
Cash and Cash Equivalents, June 30	\$ 173,046	\$ 114,824	\$ 287,870	\$ 149,325
Operating Income (Loss)	\$ (334,738)	\$ 28,807	\$ (305,931)	\$ (338,418)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities				
Depreciation	3,469		3,469	2,453
Federal Commodities	62,411		62,411	44,631
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(32,844)	(786)	(33,630)	46,317
(Increase)/Decrease in Inventory	(9,033)		(9,033)	(644)
(Increase)/Decrease in Interfund Receivable	15,253		15,253	(135,176)
(Increase)/Decrease in Fixed Assets	(29,653)		(29,653)	(17,129)
Increase/(Decrease) in Interfund Payable		40,916	40,916	(3,754)
Increase/(Decrease) in Accounts Payable	54,346	(1,257)	53,089	141,096
Increase/(Decrease) in Compensated Absences		988	988	95
Increase/(Decrease) in Unearned Revenue	4,743	(166)	4,577	(3,513)
Net Cash Provided by Investing Activities	68,692	39,695	108,387	74,376
Net Cash Used by Operating Activities	\$ (266,046)	\$ 68,502	\$ (197,544)	\$ (264,042)

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016
(with comparative totals for June 30, 2015)

	Business Services Internal Service Fund	Internet Access Internal Service Fund	Distance Learning Hub Service Fund	Transportation Jointures Internal Service Fund	Paper Services Internal Service Fund	Art Academy School	Custodial Services Community Service Fund	Totals	
								2016	2015
ASSETS									
Cash	\$	\$	\$ 329,547	\$ 7,110	\$ 162,389	\$ 15,891	\$	\$ 514,937	\$ 829,299
Accounts Receivable									
Intergovernmental	89,530		18,475					108,005	357,737
Interfund			11,248	4,044	15,818			31,110	
Other			22,025	2,547		247,144		271,716	
Inventory					52,978			52,978	52,978
Fixed Assets (Net)									
Total Assets	\$ 89,530	\$	\$ 381,295	\$ 13,701	\$ 231,185	\$ 263,035	\$	\$ 978,746	\$ 1,240,014
LIABILITIES AND RESERVES									
Liabilities:									
Accounts Payable	\$	\$	\$ 96,884	\$	\$	\$	\$	\$ 96,884	\$ 12,583
Interfunds Payable	15,818			13,701	4,044			33,563	13,701
Other Current Liabilities			51,591					51,591	51,591
Unearned Revenue	70,392		226,812		227,141	213,566		737,911	1,110,532
	86,210		375,287	13,701	231,185	213,566		919,949	1,188,407
Reserves:									
Reserve for Encumbrances	3,320		6,008			49,469		58,797	51,607
Total Liabilities and Reserves	\$ 89,530	\$	\$ 381,295	\$ 13,701	\$ 231,185	\$ 263,035	\$	\$ 978,746	\$ 1,240,014

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(with comparative totals for June 30, 2015)

	Business Services Internal Service Fund	Internet Access Service Fund	Distance Learning Hub Service Fund	Transportation Jointures Internal Service Fund	Paper Services Internal Service Fund	Art Academy Fund	Custodial Services Internal Service Fund	Totals	
								2016	2015
REVENUE:									
Service Charges	\$ 200,650	\$ 44	\$ 24,284	\$ 254,030	\$ -	\$ 279,573	\$ 48,664	\$ 807,245	\$ 1,057,735
Total	200,650	44	24,284	254,030	-	279,573	48,664	807,245	1,057,735
EXPENDITURES:									
Salaries	154,046			248,468		223,387		625,901	210,311
Employee Benefits	9,645			18,821				28,466	28,337
Equipment						37,254	68,161	105,415	355,196
Purchased Professional/Technical Services			42,359			3,000		45,359	157,280
Other Purchased Services	672							672	210
Depreciation									8,623
Supplies and Materials	2,328		108,294			23,463		134,085	111,391
Miscellaneous Other Costs	1,645				3,500		215,896	221,041	16,465
Total Expenditures	168,336		150,653	267,289	3,500	287,104	284,057	1,160,939	887,813
Excess of Revenue over Expenditures	32,314	44	(126,369)	(13,259)	(3,500)	(7,531)	(235,393)	(353,694)	189,922
Non-operating Revenues:									
Transfer to Unearned Revenue	(22,300)	(44)	85,813	9,215	106,607	57,000	136,330	372,621	(378,943)
Cancellation of Accounts Receivable	(9,934)		(1,803)					(11,737)	
Cancellation of Accounts Payable									180,000
Transfer to General Fund				4,044	(103,107)		99,063		
Reserve for Encumbrance-Beginning	3,240		48,367					51,607	60,628
Reserve for Encumbrance-Ending	\$ 3,320	\$ -	\$ 6,008	\$ -	\$ -	\$ 49,469	\$ -	\$ 58,797	\$ 51,607

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(with comparative totals for June 30, 2015)

	<u>Business Services Internal Service Fund</u>	<u>Internet Access Internal Service Fund</u>	<u>Distance Learning Service Fund</u>	<u>Transportation Jointures Internal Service Fund</u>	<u>Paper Services Internal Service Fund</u>	<u>Art Academy Fund</u>	<u>Custodial Services Internal Service Fund</u>	<u>Totals</u>	
								2016	2015
Cash Flows from Operations:									
Cash Received from Users	\$	\$	\$ 1,753	\$ 329,547	\$ 12,007	\$	\$	\$ 343,307	\$ 749,055
Interest Income									
Interfund Payments									
Cash Paid to Suppliers	41,489		376,320		98,793	3,529	137,538	657,669	845,172
Net Cash (Used) Provided from Operations	(41,489)	1,753	(46,773)	12,007	(98,793)	(3,529)	(137,538)	(314,362)	(96,117)
Cash, July 1	41,489	(1,753)	376,320	(4,897)	261,182	19,420	137,538	829,299	925,416
Cash, June 30	\$	\$	\$ 329,547	\$ 7,110	\$ 162,389	\$ 15,891	\$	\$ 514,937	\$ 829,299

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 an/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.

PITTSBORO TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016
 (with comparative totals for June 30, 2015)

	Non- Expendable Trust Scholarship	Agency		Totals	
		Student Activity	Payroll	2016	2015
ASSETS:					
Cash and Cash Equivalents	\$ 91,602	\$ 162,164	\$ 15,919	\$ 269,685	\$ 270,544
Due from Scholarship					4,500
Total Assets	<u>\$ 91,602</u>	<u>\$ 162,164</u>	<u>\$ 15,919</u>	<u>\$ 269,685</u>	<u>\$ 275,044</u>
LIABILITIES, RESERVES AND NET POSITION:					
Liabilities:					
Accounts Payable	\$	\$	\$	\$	\$ 8,575
Due to Student Activity Fund					4,500
Due to Student Groups		162,164		162,164	155,583
Payroll Deductions and Withholdings			15,079	15,079	14,086
Due to General Fund			840	840	978
Total Liabilities		<u>162,164</u>	<u>15,919</u>	<u>178,083</u>	<u>183,722</u>
Net Position:					
Held in Trust for Unemployment Claims and Other Purposes	91,602			91,602	91,322
Total Net Position	<u>91,602</u>			<u>91,602</u>	<u>91,322</u>
Total Liabilities, Reserves and Net Position	<u>\$ 91,602</u>	<u>\$ 162,164</u>	<u>\$ 15,919</u>	<u>\$ 269,685</u>	<u>\$ 275,044</u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUE:		
Local Sources:		
Interest on Investments	\$ 280	\$ 284
Total Operating Revenues	<u>280</u>	<u>284</u>
OPERATING EXPENSES:		
Scholarship Expenditures		2,250
Total Operating Expenses		<u>2,250</u>
Operating Income (Loss)	<u>280</u>	<u>(1,966)</u>
Net Income (Loss)	280	(1,966)
Net Position, July 1	<u>91,322</u>	<u>93,288</u>
Net Position, June 30	<u>\$ 91,602</u>	<u>\$ 91,322</u>

PITTSGROVE 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, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2016</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2016</u>	<u>Balance</u> <u>June 30,</u> <u>2016</u>
ELEMENTARY SCHOOLS:						
Middle	\$ 20,605	\$ 64,808	\$ 64,721	\$	\$	\$ 20,692
Norma	13,365	752				14,117
Olivet	17,358	7,636	5,786			19,208
Elmer	436	1,713	1,098			1,051
Total Elementary Schools	<u>51,764</u>	<u>74,909</u>	<u>71,605</u>			<u>55,068</u>
SENIOR HIGH SCHOOL:						
Arthur P. Schalick - Field Trips	10	3,702	3,702			10
Arthur P. Schalick	103,770	313,383	310,093			107,060
Total Senior High Schools	<u>103,780</u>	<u>317,085</u>	<u>313,795</u>			<u>107,070</u>
OTHER STUDENT ACTIVITIES:						
Arthur P. Schalick High School Athletic Fund	39	84,896	84,909			26
Total Other Student Activities:	<u>39</u>	<u>84,896</u>	<u>84,909</u>			<u>26</u>
Total All Schools	\$ <u>155,583</u>	\$ <u>476,890</u>	\$ <u>470,309</u>	\$	\$	\$ <u>162,164</u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY 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>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 15,064	\$ 8,437,981	\$ 8,437,126	\$ 15,919
Total Assets	<u>\$ 15,064</u>	<u>\$ 8,437,981</u>	<u>\$ 8,437,126</u>	<u>\$ 15,919</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 14,086	\$ 8,437,981	\$ 8,436,988	\$ 15,079
Due to General Fund	978		138	840
Total Liabilities	<u>\$ 15,064</u>	<u>\$ 8,437,981</u>	<u>\$ 8,437,126</u>	<u>\$ 15,919</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.

PITTSBORO 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>Retired</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds of 2009 to refund Series 1999 above	5/1/09	\$ 4,850,000	11/1/16	\$ 335,000	4.00%	\$ 3,075,000	\$	\$ 340,000	\$ 2,735,000
			11/1/17-19	345,000	5.00%				
			11/1/20-21	345,000	4.25%				
			11/01/22	340,000	4.25%				
			11/01/23	335,000	4.25%				
2009 Various Capital Expenditures	12/18/09	\$ 1,856,000	6/30/17	\$ 90,000	3.75%	\$ 1,636,000	\$	\$ 80,000	\$ 1,556,000
			6/30/18	100,000	3.75%				
			6/30/19	110,000	3.75%				
			6/30/20	120,000	3.75%				
			6/30/21	130,000	3.75%				
			6/30/22	140,000	3.75%				
			6/30/23	155,000	4.00%				
			6/30/24	160,000	4.00%				
			6/30/25	170,000	4.00%				
			6/30/26	185,000	4.00%				
			6/30/27	196,000	4.00%				

PITTSBORO 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>Retired</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
2013 Refunding Issue	3/20/13	\$ 1,805,000	3/1/17	\$ 135,000	2.20%	\$ 1,670,000	\$	\$ 130,000	\$ 1,540,000
			3/1/18	135,000	2.00%				
			3/1/19	140,000	2.00%				
			3/1/20	140,000	2.00%				
			3/1/21	165,000	3.00%				
			3/1/22	170,000	3.00%				
			3/1/23	180,000	3.00%				
			3/1/24	235,000	3.00%				
			3/1/25	240,000	3.00%				
Total Regular Serial Bonds						\$ 6,381,000	\$	\$ 550,000	\$ 5,831,000

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2016

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2015</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2016</u>
Lease # 40099825 Refinancing	2.75%	1,815,080 \$	1,478,362 \$		354,690 \$	1,123,672
Lease # 40099826 Refinancing	2.75%	493,774	290,178		94,081	196,097
Lease - Chromebooks	2.79%	99,618	33,277		33,277	
Lease -Teaching Material	2.62%	134,729	44,900		44,900	
Lease -5 Buses #40121969	2.09%	548,989		548,989		548,989
Lease - Chromebooks and Processor #401221970	1.40%	203,557		203,557	68,798	134,759
Lease - Vehicles, Chromebooks and Processor #077-00019910-001	2.08%	184,000		184,000		184,000
Totals			<u>\$ 1,846,717</u>	<u>\$ 936,546</u>	<u>\$ 595,746</u>	<u>\$ 2,187,517</u>
					\$ 362,175	
					233,571	
					<u>\$ 595,746</u>	

PITTSBURGH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 502,391		\$ 502,391	\$ 502,391	
State Sources:					
Debt Service Aid Type II	269,640		269,640	269,640	
Total Revenues	<u>772,031</u>		<u>772,031</u>	<u>772,031</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	235,428		235,428	235,428	
Redemption of Principal	550,000		550,000	550,000	
Total Expenditures	<u>785,428</u>		<u>785,428</u>	<u>785,428</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,397)		(13,397)	(13,397)	
Other Financing Sources:					
Operating Transfers In:					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(13,397)		(13,397)	(13,397)	
Fund Balance, July 1	<u>13,397</u>		<u>13,397</u>	<u>13,397</u>	
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Undesignated Fund Balance	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

STATISTICAL SECTION

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 6,149,213	\$ 6,180,402	\$ 6,573,146	\$ 4,898,127	\$ 6,760,829	\$ 6,745,097	\$ 7,022,729	\$ 6,724,953	\$ 6,458,397	\$ 6,055,089
Restricted	1,325,565	1,052,999	1,175,800	(156,922)	728,346	1,194,025	712,709	524,090	572,139	1,144,205
Unrestricted (Deficit)	(629,761)	(142,959)	(1,445,934)	27,182	(1,587,578)	(1,484,352)	(1,474,560)	(1,821,546)	(9,634,484)	(9,528,281)
Total Governmental Activities Net Position	\$ 6,845,017	\$ 7,090,442	\$ 6,303,012	\$ 4,768,387	\$ 5,901,597	\$ 6,454,770	\$ 6,260,878	\$ 5,427,497	\$ (2,603,948)	\$ (2,328,987)
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$	\$	\$	\$	\$	\$ 20,045	\$ 35,724	\$ 37,274	\$ 51,950	\$ 78,134
Unrestricted	58,838	48,881	51,409	39,769	21,562	40,464	20,110	117,027	119,341	185,726
Total Business-Type Activities Net Position	\$ 58,838	\$ 48,881	\$ 51,409	\$ 39,769	\$ 21,562	\$ 60,509	\$ 55,834	\$ 154,301	\$ 171,291	\$ 263,860
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 6,149,213	\$ 6,180,402	\$ 6,573,146	\$ 4,898,127	\$ 6,760,829	\$ 6,765,142	\$ 7,058,453	\$ 6,762,227	\$ 6,510,347	\$ 6,133,223
Restricted	1,325,565	1,052,999	1,175,800	(156,922)	728,346	1,194,025	712,709	524,090	572,139	1,144,205
Unrestricted (Deficit)	(570,923)	(94,078)	(1,394,525)	66,951	(1,566,016)	(1,443,888)	(1,454,450)	(1,704,519)	(9,515,143)	(9,342,555)
Total District-Wide Net Position	\$ 6,903,855	\$ 7,139,323	\$ 6,354,421	\$ 4,808,156	\$ 5,923,159	\$ 6,515,279	\$ 6,316,712	\$ 5,581,798	\$ (2,432,657)	\$ (2,065,127)

Source: CAFR Schedule A-1

PITTSBURGH TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2015	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 7,468,165	7,634,910	8,096,230	8,093,806	7,615,098	7,794,480	7,949,881	8,103,294	7,423,548	7,757,360
Special Education	1,472,185	1,390,199	1,477,034	1,754,533	1,976,525	1,997,959	2,090,259	2,216,980	2,391,672	2,493,545
Other Special Instruction	156,531	180,051	261,667	201,808	265,475	398,908	265,282	422,846	364,830	468,101
Other Instruction	394,801	416,452	444,710	411,566	335,613	375,583	378,190	385,895	421,645	447,970
Support Services										
Tuition	426,362	467,006	460,091	573,628	604,526	515,590	507,683	663,762	898,077	539,178
Student and Instruction Related Services	2,690,429	2,960,358	3,157,058	3,372,253	3,025,587	2,966,962	3,135,539	3,214,303	3,473,691	3,735,765
School Administrative Services	3,402,293	809,369	979,112	990,849	1,135,057	1,131,465	1,140,257	1,132,564	1,087,235	1,059,568
General Administrative Services	488,868	2,892,248	3,672,041	3,120,429	2,229,581	2,301,980	1,766,822	718,866	675,681	670,721
Central Services and Information Technology	870,273	725,035	901,986	1,031,326	706,497	877,653	1,019,483	1,000,428	908,061	863,409
Plant Operations and Maintenance	2,121,444	2,384,032	2,619,454	2,447,903	2,526,263	2,556,330	2,439,996	2,612,458	2,634,144	2,918,010
Pupil Transportation	1,087,651	1,199,962	1,208,280	1,349,597	1,445,650	1,612,043	1,947,403	1,841,265	1,906,356	1,853,814
Employee Benefits	5,596,365	5,859,781	5,571,117	6,121,465	5,912,097	6,287,693	6,666,212	7,155,865	9,882,865	11,172,400
Business and Other Support Services	290,324	221,515	82,774	27,685	128,856	394,902	58,088	83,854	43,180	168,336
Special Schools	65,925	72,884	73,440	56,746	101,308	93,866	91,592	96,324	30,078	43,448
Amortization of Debt Issue Costs	8,109	8,109	25,867	25,867	6,509	6,510	45,000			
Interest on Long-Term Debt	429,168	493,377	265,002	332,050	396,553	347,045	324,953	356,493	291,621	294,624
Unallocated Depreciation and Amortization	676,823	872,321	943,646	2,000,447	1,191,857	1,214,157	1,249,822	1,306,380	1,212,606	1,265,533
Total Governmental Activities Expenses	27,645,716	28,587,609	30,239,509	31,911,958	29,603,052	30,873,126	31,076,462	31,311,577	33,645,290	35,751,782
Business-Type Activities										
Food Service	784,383	846,267	859,983	832,174	773,902	779,706	735,073	686,032	712,623	708,765
Child Care	159,021	148,074	141,889	129,659	145,651	145,301	155,308	114,019	128,494	112,359
Total Business-Type Activities Expense	943,404	994,341	1,001,872	961,833	919,553	925,007	890,381	800,051	841,117	821,124
Total District Expenses	\$ 28,589,120	29,581,950	31,241,381	32,873,791	30,522,605	31,798,133	31,966,843	32,111,628	34,486,407	36,572,906
Program Revenues										
Governmental Activities										
Charges for Services	\$ 3,529,557	3,521,345	3,685,495	3,446,323	2,191,212	2,588,390	2,063,004	1,007,820	678,792	1,179,866
Operating Grants and Contributions	3,544,144	3,649,039	2,407,917	2,688,851	2,528,490	2,817,784	3,237,389	2,984,638	5,800,175	7,248,410
Total Governmental Activities Prog. Revenues	7,073,701	7,170,384	6,093,412	6,135,174	4,719,702	5,406,174	5,300,393	3,992,458	6,478,967	8,428,276
Business-Type Activities										
Charges for Services										
Food Service	464,742	484,560	489,920	473,046	409,787	425,683	384,801	388,776	374,179	374,027
Child Care	174,687	139,256	146,065	120,408	159,006	150,346	134,954	144,876	128,520	141,166
Operating Grants and Contributions	293,220	300,431	316,876	345,128	320,949	327,310	329,207	364,674	354,947	397,929
Total Business-Type Activities Prog. Revenues	932,649	924,247	952,861	938,582	889,742	903,339	848,962	898,326	857,646	913,122
Total District Program Revenues	\$ 8,006,350	8,094,631	7,046,273	7,073,756	5,609,444	6,309,513	6,149,355	4,890,784	7,336,613	9,341,398
Net (Expense)/Revenue										
Governmental Activities	\$ (20,572,015)	(21,417,225)	(24,146,097)	(25,776,784)	(24,883,350)	(25,466,952)	(25,776,069)	(27,319,119)	(27,166,323)	(27,323,506)
Business-Type Activities	(10,755)	(70,094)	(49,011)	(23,251)	(29,811)	(21,668)	(41,419)	98,275	16,529	91,998
Total District-Wide Net Expense	\$ (20,582,770)	(21,487,319)	(24,195,108)	(25,800,035)	(24,913,161)	(25,488,620)	(25,817,488)	(27,220,844)	(27,149,794)	(27,231,508)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 8,164,880	8,461,511	8,345,144	8,625,275	8,483,060	8,483,060	8,826,602	9,003,134	9,296,979	9,766,792
Taxes Levied for Debt Service	399,688	370,652	449,121	454,880	583,860	573,888	606,352	542,035	503,085	502,391
Unrestricted Grants and Contributions	10,525,828	10,996,417	12,612,748	13,276,946	13,956,827	13,752,737	13,216,567	13,772,056	13,842,223	14,002,177
Tuition Received	1,336,190	1,499,984	1,578,018	1,663,587	2,766,329	3,040,004	3,034,238	3,168,286	3,150,646	3,165,348
Investment Earnings	137,988	91,921	30,284	24,855	17,399	11,597	6,772	6,478	7,005	7,698
Miscellaneous Income	295,035	237,759	260,955	207,616	220,085	260,398	256,373	122,358	406,903	180,709
Gain on Defeasement of Debt			132,873			6,568				
Accrued Interest and Fixed Asset Adjustments	(308,020)	14,882								
Cancellation of Accounts Receivable/Payable						(6,341)	(61,129)	(65,507)		
Transfer to Charter School						(41,906)	(183,845)	(54,085)		
Transfers	(10,476)	(10,476)	(50,476)		(11,000)	(59,880)	(36,557)	(9,017)	(27,478)	(26,648)
Total Governmental Activities	20,541,113	21,662,650	23,358,667	24,253,159	26,016,560	26,020,125	25,665,373	26,485,738	27,179,363	27,598,467
Business-Type Activities										
Investment Earnings	6,560	4,038	1,063	611	604	735	187	192	461	571
Miscellaneous Income	12,000	12,732								
Prior Year Adjustments		32,891								
Transfer	10,476	10,476	50,476		11,000	59,880	36,557			
Total Business-Type Activities	29,036	60,137	51,539	611	11,604	60,615	36,744	192	461	571
Total District-Wide	\$ 20,570,149	21,722,787	23,410,206	24,253,770	26,028,164	26,080,740	25,702,117	26,485,930	27,179,824	27,599,038
Change in Net Position										
Governmental Activities	\$ (30,902)	245,425	(787,430)	(1,523,625)	1,133,210	553,173	(110,696)	(833,381)	13,040	274,961
Business-Type Activities	18,281	(9,957)	2,528	(22,640)	(18,207)	38,947	(4,675)	98,467	16,990	92,569
Total District-Wide	\$ (12,621)	235,468	(784,902)	(1,546,265)	1,115,003	592,120	(115,371)	(734,914)	30,030	367,530

Source: CAFR Schedule A-2

PITTSBORO TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted	\$ 1,130,674	\$ 1,318,264	\$ 1,059,301	\$ 543,765	\$ 244,210	\$ 607,456	\$ 562,392	\$	\$	\$
Capital Reserve								2,721	2,731	2,741
Assigned:										
Year-end Encumbrances								155,349	67,770	652,943
Subsequent Year's Expenditures								200,000	338,000	338,000
Unrestricted	13,687	(67,668)	(756,755)	(1,032,703)	(806,569)	(700,726)	(778,052)	(810,199)	(855,638)	(685,522)
Total General Fund	\$ 1,144,361	\$ 1,250,596	\$ 302,546	\$ (488,938)	\$ (562,359)	\$ (93,270)	\$ (215,660)	\$ (452,129)	\$ (447,137)	\$ 308,162
All Other Governmental Funds										
Restricted	\$	\$	\$	\$ 2,503,077	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund	(16,388)	(21,311)	(6,930)	(6,930)	(6,930)	(6,930)	(6,930)	(6,930)	(6,930)	(6,930)
Capital Projects Fund	114,382	112,254	112,254	(693,611)	385,035	395,953	66,265	66,265	65,849	65,849
Debt Service Fund		2	3	23,832	23,832	2	2	13,397	13,397	
Permanent Fund	71,525	75,982	77,675	79,666	82,199	91,252	90,980	93,288	91,322	91,602
Total All Other Governmental Funds	\$ 169,519	\$ 166,927	\$ 183,002	\$ 1,906,034	\$ 484,136	\$ 480,277	\$ 150,317	\$ 166,020	\$ 163,638	\$ 150,521

Source: CAFR Schedule B-1

PITTSBURGH TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 8,564,568	\$ 8,832,163	\$ 8,794,265	\$ 9,080,155	\$ 9,066,920	\$ 9,056,948	\$ 9,432,954	\$ 9,545,169	\$ 9,800,064	\$ 10,269,183
Tuition Charges	1,336,190	1,499,984	1,578,018	1,663,587	2,766,329	3,030,411	3,034,238	3,168,286	3,126,181	3,133,105
Tuition from State of New Jersey						9,593			24,465	32,243
Rent										
Interest Earnings	137,988	91,894	30,284	24,855	17,399	11,597	6,772	6,478	7,005	7,698
Miscellaneous	303,225	244,638	267,644	207,616	220,085	260,398	356,756	174,358	226,903	199,448
State Sources	13,159,024	13,766,835	14,213,812	12,974,281	15,606,741	15,317,128	15,651,284	15,902,514	16,284,981	16,871,710
Federal Sources	902,715	871,742	800,166	2,991,516	878,576	1,253,393	802,672	854,180	779,501	920,554
Local Sources										
Total Revenues	24,403,710	25,307,256	25,684,189	26,942,010	28,556,050	28,939,468	29,284,676	29,650,985	30,249,100	31,433,941
Expenditures										
Instruction										
Regular Instruction	7,563,231	7,634,910	8,096,231	8,190,926	7,659,818	7,583,063	7,900,047	8,015,101	7,778,021	7,783,812
Special Education Instruction	1,472,185	1,390,199	1,477,034	1,754,533	1,976,525	1,997,959	2,090,259	2,216,980	2,391,672	2,493,545
Other Special Instruction	156,531	180,051	261,667	201,808	265,475	398,908	265,282	422,846	364,830	468,101
Other Instruction	394,801	416,452	444,710	411,566	335,613	375,583	378,190	385,895	421,645	447,970
Support Services										
Tuition	426,362	467,006	460,091	573,628	604,526	515,590	507,683	663,762	898,077	550,426
Student and Instruction Related Services	2,211,908	2,581,781	2,753,777	2,930,502	2,809,023	2,889,590	3,013,574	3,105,515	3,290,208	3,448,661
School Administrative Services	737,755	809,369	979,112	990,849	1,135,057	1,131,465	1,140,257	1,132,564	1,087,235	1,058,494
General Administrative Services	488,868	543,214	509,884	648,049	559,092	525,446	541,473	655,238	661,002	667,221
Central Services and Information Tech	870,273	725,035	767,403	786,096	693,832	770,183	754,783	724,659	699,196	712,756
Plant Operations and Maintenance	2,111,635	2,268,645	2,499,609	2,410,917	2,508,084	2,580,069	2,709,377	2,589,199	2,576,302	2,633,953
Pupil Transportation	1,037,745	1,281,853	1,223,458	1,357,368	1,262,832	1,528,691	1,741,610	1,572,887	1,545,518	1,586,525
Business and Other Support Services										
Unallocated Employee Benefits	5,657,445	5,764,717	5,549,810	6,124,014	5,938,758	6,267,598	6,658,694	7,123,962	7,318,839	7,655,912
Special Schools	65,925	72,884	73,440	56,746	101,308	93,866	91,592	96,324	30,078	43,448
Capital Outlay	575,601	1,371,952	1,224,172	856,466	3,291,389	1,929,261	907,015	312,914	375,761	1,265,405
Debt Service										
Principal	538,533	366,254	478,078	534,929	536,923	579,021	611,278	578,648	530,000	550,000
Interest and Other Charges	425,850	398,603	378,668	296,895	362,114	339,215	319,631	266,240	250,628	235,428
Total Expenditures	24,734,648	26,272,925	27,177,144	28,125,292	30,040,369	29,505,508	29,630,745	29,862,734	30,219,012	31,601,657
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(330,938)	(965,669)	(1,492,955)	(1,183,282)	(1,484,319)	(566,040)	(346,069)	(211,749)	30,088	(167,716)
Other Financing Sources (Uses)										
Transfer to Charter School						(41,906)	(183,845)	(9,017)	(27,478)	(26,648)
Capital Lease (Non-budgeted)	218,700	1,081,916	611,456	269,830		1,133,056	114,121			936,546
Bond Proceeds				1,856,000						
Transfers	(10,476)	(12,604)	(50,476)	(11,000)	(11,000)	(59,880)	(36,557)			
Total Other Financing Sources (Uses)	208,224	1,069,312	560,980	2,114,830	(11,000)	1,031,270	(106,281)	(9,017)	(27,478)	909,898
Net Change in Fund Balances	\$ (122,714)	\$ 103,643	\$ (931,975)	\$ 931,548	\$ (1,495,319)	\$ 465,230	\$ (452,350)	\$ (220,766)	\$ 2,610	\$ 742,182
Debt Service as a Percentage of Noncapital Expenditures	4.0%	3.1%	3.3%	3.1%	3.4%	3.3%	3.2%	2.9%	2.6%	2.6%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals and Use of Facilities	Prior Year Tuition	Services to Other LEAs	Refund of Prior Year Expenditure	Insurance Refunds and Settlement	Athletic Receipts	Energy Admin Fee	Sale of Paper	Misc.	Total
2016	\$ 7,307	\$ 3,165,348	\$ 185	\$ 23,911	\$ 3,260	\$ 45,349	\$ 17,175	\$ 15,482	\$ 45,402		\$ 41,682	\$ 3,365,101
2015	6,611	3,150,646	2,480			3,858	512	15,373	37,266	52,000	100,173	3,368,919
2014	6,044	3,168,286	1,260			29,604	11,118	19,137	43,614	52,000	11,995	3,343,058
2013	6,375	3,034,238	2,200	27,200	109,713	2,099	237	13,901	83,173	100,383	15,839	3,395,358
2012	9,998	3,040,004	5,992	21,530	107,562	24,269	982	12,776	47,735		1,079	3,271,927
2011	10,700	2,766,329	16,288	32,977	73,900	7,926	4,341	15,028	45,651		12,329	2,985,469
2010	14,748	1,663,587	15,792	19,205	105,917	500	11,004	14,038	26,674		3,701	1,875,166
2009	27,105	1,578,018	14,505	870	130,963	17,311	32,536	15,162	38,202		7,091	1,861,763
2008	76,102	1,499,984	11,251	527	126,267	18,041	39,459	23,359	14,087		18	1,809,095
2007	137,988	1,336,190	15,137	49,024	143,838	29,687	21,665	13,822			30,052	1,777,403

Source: District Records

PITTSGROVE 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	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2016	\$ 13,990,600	\$ 482,332,700	\$ 50,481,500	\$ 5,480,300	\$ 51,421,900	\$ 603,707,000	\$ 1,016,133	\$ 604,723,133	1.722	\$ 634,410,178 ^c
2015	14,561,600	481,563,100	50,877,100	5,521,200	51,929,100	604,452,100	1,084,474	605,536,574	1.657	641,500,415
2014	14,454,600	481,609,800	51,345,600	5,533,100	52,552,800	605,495,900	1,063,370	606,559,270	1.595	632,887,385
2013	15,019,300	481,690,300	51,248,500	5,357,000	52,672,700	605,987,800	1,432,898	607,420,698	1.563	640,468,893
2012	15,634,200	479,213,600	52,128,600	5,404,900	52,936,800	605,318,100	1,488,950	606,807,050	1.524	656,677,416
2011	15,819,000	479,494,800	52,294,400	5,540,200	52,603,300	605,751,700	1,527,972	607,279,672	1.492	674,374,498
2010	15,784,300	478,832,100	53,269,500	5,502,600	51,823,700	605,212,200	1,831,644	607,043,844	1.495	711,299,851
2009	16,928,800	475,124,900	51,948,000	5,531,700	51,299,600	600,833,000	1,813,634	602,646,634	1.482	724,793,252
2008	16,892,800	471,670,200	53,651,800	5,236,200	51,371,500	598,822,500	1,628,094	600,450,594	1.468	745,017,560
2007	18,678,500	463,937,500	51,587,700	5,251,400	53,041,200	592,496,300	1,674,563	594,170,863	1.454	735,143,635

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

c Estimate

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

Year Ended June 30,	Pittsgrove Township Board of Education			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Pittsgrove Township	Salem County	Municipal Open Space	Total
2016	\$ 1.638	\$ 0.084	\$ 1.722	\$ 0.309	\$ 1.14	\$ 0.010	\$ 3.181
2015	1.572	0.085	1.657	0.299	1.06	0.010	3.026
2015	1.505	0.090	1.595	0.281	1.012	0.010	2.898
2013	1.463	0.100	1.563	0.280	1.019	0.010	2.872
2012	1.427	0.097	1.524	0.261	1.019	0.015	2.819
2011	1.396	0.096	1.492	0.216	0.994	0.030	2.732
2010	1.420	0.075	1.495	0.216	1.034	0.030	2.775
2009	1.406	0.076	1.482	0.216	1.068	0.030	2.796
2008	1.406	0.062	1.468	0.238	1.150	0.031	2.887
2007	1.386	0.068	1.454	0.253	1.013	0.030	2.750

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 prebudget year net budget by more than the spending growth limitation calculation.

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

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

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

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Nancy-Lee Inc.	\$ 5,742,000		0.95%	\$ 5,742,000		1.00%
LJK Golf LLC	4,100,000		0.68%			
Bifulco Brothers	3,565,500		0.59%	2,199,500		0.38%
Rainbow of NJ	2,722,400		0.45%	2,719,000		0.48%
Taxpayer #1	2,152,800		0.36%	2,306,500		0.40%
Windover LLC	2,015,200		0.33%	2,015,200		0.35%
Picnic Grove MHC LLC	1,790,000		0.30%			
Catalana	1,731,400		0.29%			
T&T Management LLC	1,730,800		0.29%			
RB&J Investor, LLC	1,450,500		0.24%			
Running Deer Golf Company LLC				4,548,200		0.80%
DEP c/o Sway Golf, Inc. (1)				3,298,900		0.58%
Eatmor Market				2,168,400		0.38%
K Hovnanian at Pittsgrove LLC				2,004,000		0.35%
Taxpayer #2				1,802,800		0.32%
Total	\$ 27,000,600		3.51%	\$28,804,500		5.04%

Source: Municipal Tax Assessor
 (1) Formerly Centerton Golf Club

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2016	\$ 9,766,792	\$ 9,766,792	100.00%	\$
2015	9,296,979	9,296,979	100.00%	
2014	9,545,169	9,545,169	100.00%	
2013	9,545,169	9,545,169	100.00%	
2012	9,056,948	9,056,948	100.00%	
2011	9,066,921	9,066,921	100.00%	
2010	9,080,155	9,080,155	100.00%	
2009	8,794,265	8,794,265	100.00%	
2008	8,832,163	8,832,163	100.00%	
2007	8,564,256	8,564,256	100.00%	

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

Note:

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of	
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		Personal Income	Per Capita ^a
2016	\$ 5,831,000	\$ 2,187,517	\$	\$	8,018,517	2.06%	\$ 892 *
2015	6,381,000	1,846,717			8,227,717	2.11%	906
2014	6,911,000	2,456,640			9,367,640	2.42%	1,026
2013	7,489,648	1,846,717			9,336,365	2.42%	1,017
2012	8,024,925	2,806,909			10,831,834	2.81%	1,167
2011	8,603,946	1,785,491			10,389,437	2.70%	1,112
2010	9,140,869	2,000,764			11,141,633	2.91%	1,153
2009	7,819,798	2,102,572			9,922,370	2.67%	1,040
2008	8,352,876	1,792,501			10,145,377	2.81%	1,099
2007	8,719,130	1,156,493			9,875,623	2.87%	1,062

* Estimate

Source: District CAFR Schedules I-1, I-2

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

- a See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b Includes Early Retirement Incentive Plan (ERIP) refunding

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2016	\$ 5,831,000	\$	\$ 5,831,000	0.91%	\$ 649 *
2015	5,831,000		5,831,000	0.91%	642
2014	6,911,000		6,911,000	1.09%	757
2013	7,489,648		7,489,648	1.17%	816
2012	8,024,925		8,024,925	1.22%	865
2011	8,603,946		8,603,946	1.28%	921
2010	9,140,869		9,140,869	1.26%	976
2009	7,819,798		7,819,798	1.08%	825
2008	8,352,876		8,352,876	1.12%	882
2007	8,719,130		8,719,130	1.19%	922

* Estimate

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

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

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

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

PITTSGROVE 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 ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Pittsgrove Township	\$ 770,580	100%	\$ 770,580
Other debt			
County of Salem - Township's Share	40,394,432	12.5%	5,066,730
Subtotal, Overlapping Debt			<u>5,837,310</u>
Pittsgrove Township School District Direct Debt			<u>5,831,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 11,668,310</u></u>

Sources: Pittsgrove Township Finance Officer and Salem County Finance Office

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized Valuation Basis	
	2015	\$ 632,205,941
	2014	639,653,391
	2013	632,291,110
	[A]	<u>\$ 1,904,150,442</u>
Average Equalized Valuation of Taxable Property	[A/3]	<u>\$ 634,716,814</u>
Debt Limit (4% of Average Equalization Value)	[B]	\$ 25,388,673
Net Bonded School Debt	[C]	5,831,000
Legal Debt Margin	[B-C]	<u>\$ 19,557,673</u>

	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 23,744,900	\$ 26,459,533	\$ 28,229,424	\$ 28,713,938	\$ 27,866,713	\$ 27,011,045	\$ 26,157,926	\$ 25,656,112	\$ 25,469,285	\$ 25,388,673
Total Net Debt Applicable to Limit	8,719,130	8,352,876	7,819,798	2,010	8,603,946	8,024,925	7,489,648	6,911,000	6,381,000	5,831,000
Legal Debt Margin	<u>\$ 15,025,770</u>	<u>\$ 18,106,657</u>	<u>\$ 20,409,626</u>	<u>\$ 28,711,928</u>	<u>\$ 19,262,767</u>	<u>\$ 18,986,120</u>	<u>\$ 18,668,278</u>	<u>\$ 18,745,112</u>	<u>\$ 19,088,285</u>	<u>\$ 19,557,673</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	36.72%	31.57%	27.70%	0.01%	30.88%	29.71%	28.63%	26.94%	25.05%	22.97%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2016	** 8,990	\$ 389,001,486	\$ 43,270	** 6.0%
2015	9,081	389,040,390	42,841	6.1%
2014	9,133	387,394,187	42,417	8.1%
2013	9,184	385,700,448	41,997	9.9%
2012	9,282	385,667,100	41,550	11.1%
2011	9,343	384,352,334	41,138	8.7%
2010	9,370	371,904,670	39,691	9.0%
2009	9,475	369,269,175	38,973	9.5%
2008	9,471	370,259,274	39,094	5.5%
2007	9,453	349,931,154	37,018	4.3%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

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

** Estimate

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

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
PSEG	1,300	2.54%		
EI duPont	1,250	2.44%		
Mannington Mills	826	1.61%		
Memorial Hospital of Salem County	600	1.17%		
Atlantic City Electric	426	0.83%		
RE Pierson Construction	400	0.78%		
Anchor Glass	361	0.70%		
McLane NJ	352	0.69%		
Elmer Hospital	350	0.68%		
Walmart	256	0.50%		
Berkowitz Glass	225	0.44%		
Siegfried (USA)	155	0.30%		
Ranch Hope	145	0.28%		
Wire-Pro Inc.	140	0.27%		
Home Care & Hospice Care of SJ	130	0.25%		
The Bank	130	0.25%		
Polyone	125	0.24%		
PSEG Nuclear Training	114	0.22%		
Cumberland Dairy	100	0.20%		
SJAP Naturalink	100	0.20%		
PE Kramme	80	0.16%		
SJ Transportation Co	80	0.16%		
Unico Services	77	0.15%		
Spark's Electric Inc.	75	0.15%		
First National Bank of Elmer	69	0.13%		
PG&E Generating	57	0.11%		
Franklin Savings Bank	55	0.11%		

Source: Salem County Economic Resource Guide

* Salem County

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	142.00	136.50	135.50	127.50	145.50	128.00	129.00	129.00	130.00	103.50
Special education	21.00	24.00	25.10	25.10	13.50	25.10	26.00	26.00	33.80	32.00
Support Services:										
Student & instruction related services	28.50	24.30	36.00	38.50	33.20	38.50	38.50	38.50	31.00	36.00
General administrative services	4.00	4.00	3.50	2.50	9.00	2.50	2.50	2.50	2.50	3.00
School administrative services	13.00	15.50	16.00	14.00	14.00	14.00	14.00	14.00	11.00	14.00
Central services	8.00	10.50	10.00	6.50	5.50	5.50	5.50	5.00	5.00	4.00
Administrative information technology	4.00	4.00	4.50	4.50	1.00	4.50	4.50	4.50	2.50	2.50
Plant operations and maintenance	20.00	16.20	19.00	19.00	19.75	19.00	19.00	12.00	8.00	9.50
Pupil transportation	19.00	23.70	32.00	24.00	13.00	24.00	24.00	29.00	29.00	33.50
Total	259.50	258.70	281.60	261.60	254.45	261.10	263.00	260.50	252.80	238.00

Source: District Personnel Records

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

Fiscal	Enrollment	Operating Expenditures ⁽¹⁾	Cost Per Pupil	Percentage Change	Teaching Staff ⁽²⁾	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ⁽³⁾	Average Daily Attendance (ADA) ⁽³⁾	% Change in Average Daily Enrollment	Student Attendance Percentage
						Pre K & K	Elementary	Middle School	High School				
2016	1,803	\$ 30,336,252	\$ 16,825	1.54%	135.50	1 : 17.0	1 : 13.0	1 : 11.0	1 : 13.0	1,713	1,654	2.70%	96.56%
2015	1,801	29,843,251	16,570	1.05%	155.00	1 : 14.0	1 : 13.0	1 : 13.0	01:12.0	1,668	1,609	-4.30%	96.46%
2014	1,802	29,549,820	16,398	2.82%	155.00	1 : 14.0	1 : 13.0	1 : 8.0	1 : 7.0	1,743	1,678	1.36%	96.27%
2013	1,801	28,723,730	15,949	4.97%	155.00	1 : 14.8	1 : 16.6	1 : 11.4	1 : 11.7	1,720	1,646	-1.29%	95.69%
2012	1,815	27,576,247	15,194	7.41%	26.00	1 : 15.4	1 : 15.2	1 : 12.4	1 : 11.3	1,742	1,665	-5.12%	95.58%
2011	1,891	26,748,980	14,145	-0.85%	150.80	1 : 14.5	1 : 11.2	1 : 10.7	1 : 10.4	1,836	1,753	2.91%	95.48%
2010	1,853	26,437,002	14,267	5.12%	152.60	1 : 14.0	1 : 17.0	1 : 16.0	1 : 15.7	1,784	1,704	-0.61%	95.52%
2009	1,849	25,096,226	13,573	8.98%	166.50	1 : 7.7	1 : 8.8	1 : 9.0	1:08.7	1,795	1,704	-3.97%	94.93%
2008	1,938	24,136,116	12,454	7.28%	151.50	1:14.9	1:13.4	1:12.0	1:13.4	1,869	1,765	-3.30%	94.43%
2007	1,998	23,194,664	11,609	1.01%	143.00	1:18.7	1:12.9	1:13.6	1:12.6	1,933	1,827	0.16%	94.52%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- (1) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- (2) Teaching staff includes only full-time equivalents of certificated staff. 2006 information obtained from the fall survey.
- (3) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>District Building</u>										
<u>Elementary</u>										
Norma School (1953, 1994)										
Square Feet	22,110	22,110	22,110	22,110	22,110	22,110	22,110	22,110	22,110	22,110
Capacity (students)	135	135	135	135	135	135	135	135	135	135
Enrollment	167.9	155.4	178.5	174.4	155.2	173.9	189.5	168.0	187.0	188.0
Olivet School (1930, 1957, 1966, 1992)										
Square Feet	56,659	56,659	56,659	56,659	56,659	56,659	56,659	56,659	56,659	56,659
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	340.3	342.0	362.8	367.8	384.6	406.0	425.2	441.0	476.0	481.0
Elmer School										
Square Feet	19,281	19,281	19,281	19,281	19,281	19,281	19,281	19,281	19,281	19,281
Capacity (students)	158	158	158	158	158	158	158	158	158	158
Enrollment	226.3	219.4	199.7	209.2	243.1	240.1				
<u>Middle School</u>										
Pittsgrove Middle School (1912, 1999)										
Square Feet	88,473	88,473	88,473	88,473	88,473	88,473	88,473	88,473	88,473	88,473
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	399.1	405.7	441.8	455.5	433.0	430.7	558.5	577.0	612.0	609.0
<u>High School</u>										
Arthur P. Schalick High School (1976)										
Square Feet	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Capacity (students)	721	721	721	721	721	721	721	721	721	721
Enrollment	579.8	545.4	560.5	512.7	599.2	640.5	680.0	663.0	689.0	720.0
<u>Other</u>										
Maintenance Building (2000)										
Square Feet	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Annex Building (1933, 1942)										
Square Feet	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828
Board of Education (1989)										
Square Feet	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Round House (1985)										
Square Feet	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Number of Schools at June 30, 2016										
Preschool & Kindergarten =										
Elementary =	2									
Middle School =	1									
High School =	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.

PITTSBORO 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>
A.P. Schalick High School	112,000	\$ 13,610	\$ 19,115	\$ 13,740	\$ 21,923	\$ 38,062	\$ 16,324	\$ 77,483	\$ 57,478	\$ 50,098	\$ 52,492
Pittsgrove Middle School	88,473	6,889	21,026	5,711	6,654	3,293	8,608	12,851	21,382	52,954	26,348
Olivet Elementary School	56,659	100	11,158	6,873	38,560	8,709	3,126	2,581	37,634	25,889	32,099
Elmer Elementary School	19,281	29,255	10,192	10,060	7,947	4,811	7,504				
Norma Elementary School	22,110	17,085	4,871	1,952	6,059	11,931	6,213	4,830	13,565	30,982	19,808
Total School Facilities		<u>66,939</u>	<u>66,362</u>	<u>38,336</u>	<u>81,143</u>	<u>66,806</u>	<u>41,775</u>	<u>97,745</u>	<u>130,059</u>	<u>159,923</u>	<u>130,747</u>
Other Facilities	15,028	<u>30,929</u>	<u>39,470</u>	<u>32,177</u>	<u>58,253</u>	<u>47,607</u>	<u>59,108</u>	<u>58,143</u>	<u>63,280</u>	<u>10,310</u>	<u>10,585</u>
Grand Total		<u>\$ 97,868</u>	<u>\$ 105,832</u>	<u>\$ 70,513</u>	<u>\$ 139,396</u>	<u>\$ 114,413</u>	<u>\$ 100,883</u>	<u>\$ 155,888</u>	<u>\$ 193,339</u>	<u>\$ 170,233</u>	<u>\$ 141,332</u>

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

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

	<u>Coverage</u>	<u>Deductible</u>
Republic Franklin Insurance Company/Utica National Insurance Group		
Property- Blanket Building & Contents	\$ 56,996,669	\$ 1,000
General Liability Section		
General Aggregate Limit	3,000,000	
Products and Completed Operations Limit	3,000,000	
Personal Advertising Injury Limit	1,000,000	
Each Occurrence Limit	1,000,000	
School District Legal Liability Coverage		
Legal Liability	1,000,000	
Aggregate	3,000,000	
Insured Retained Limit (Each Loss)	7,500	
School Board Legal Liability		
Employee Benefit Liability		
Limit of Liability	1,000,000	
Annual Aggregate	3,000,000	
Retroactive Date (7/1/1990)		
Insured Retained Limit (Each Claim)	1,000	
Commercial Crime Section		
Employee Dishonest Coverage (Per Loss)	100,000	500
Commercial Inland Marine		
Data Processing Limit	818,827	250
Business Auto Policy		
Liability Limit	1,000,000	
Comprehensive Deductible		500
Collision Deductible		1000
Utica National Insurance Group		
Umbrella Liability	10,000,000	
Workers Compensation		
Bodily Injury by Accident (Each Accident)	2,000,000	
Bodily Injury by Disease (Agreement Limit)	2,000,000	
Bodily Injury by Accident (Each Employee)	2,000,000	
Student Accident Coverage		
Compulsory Student Accident Coverage	5,000,000	
Surety Bonds- The Ohio Casually Insurance Company		
Public Official Bond- Superintendent	250,000	
Public Official Bond- Business Administrator	250,000	

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
Pittsgrove Township School District
County of Salem, New Jersey

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 Pittsgrove 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 Pittsgrove Township's basic financial statements and have issued our report thereon dated November 4, 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 Pittsgrove 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 Pittsgrove Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pittsgrove 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 Pittsgrove 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.


Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Pittsgrove 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 4, 2016

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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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
Pittsgrove Township School District
County of Salem, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Pittsgrove 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 Pittsgrove Township School District's major federal and state programs for the fiscal year ended June 30, 2016. The Pittsgrove 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 Pittsgrove 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 Pittsgrove 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 Pittsgrove Township Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Pittsgrove 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 Pittsgrove 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 Pittsgrove 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 Pittsgrove 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.

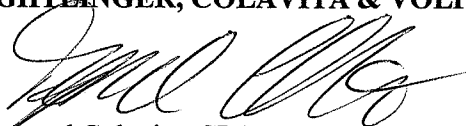
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We 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 4, 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 Pittsgrove 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 4, 2016

**PITTSBURGH 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			Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures	Adj-ment	June 30, 2016		Due to Grantor at June 30, 2016		
						Accounts Receivable	Unearned Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue			
U.S. Department of Education																		
General Fund																		
Medical Assistance Program	93.778	1605NJ5MAP	N/A	7/1/15- 6/30/16	\$ 18,614	\$	\$	\$	16,074	\$ (18,614)	\$	(18,614)	\$	(2,540)	\$	\$		
Total U.S. Department of Education									16,074	(18,614)	(18,614)		(2,540)					
U.S. Department of Agriculture																		
Passed-through State Department of Education:																		
Enterprise Fund:																		
Food Distribution Program	10.565	Unknown	N/A	7/1/14- 6/30/15	45,275		3,498			(3,498)		(3,498)						
Food Distribution Program	10.565	Unknown	N/A	7/1/15- 6/30/16	63,656			63,656	(58,913)		(58,913)				4,743			
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/14- 6/30/15	234,223	(19,624)		19,624										
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15- 6/30/16	246,076			203,921	(246,076)		(246,076)		(42,155)					
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/14- 6/30/15	67,424	(6,439)		6,439										
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15- 6/30/16	81,371			66,194	(81,371)		(81,371)		(15,177)					
Special Milk Program	10.556	16161NJ304N1099	N/A	7/1/14- 6/30/15	1,618	(165)		165										
Special Milk Program	10.556	16161NJ304N1099	N/A	7/1/15- 6/30/16	1,285			1,051	(1,285)		(1,285)		(234)					
Total U.S. Department of Agriculture									(26,228)	3,498	361,050	(391,143)	(391,143)	(57,566)	4,743			
U.S. Department of Education																		
Passed-through State Department of Education:																		
Special Revenue Fund:																		
Title I	84.010	S010A150030	NCLB415016	7/1/15- 6/30/16	403,120			237,067	(375,111)		(375,111)			(138,044)				
Title I	84.010	S010A150030	NCLB415015	7/1/14- 6/30/15	383,837	(145,210)		144,859					351					
I.D.E.A. Part B, Basic	84.027	H027A150100	IDEA415016	7/1/15- 6/30/16	481,749			439,314	(481,749)		(481,749)		(42,435)					
I.D.E.A. Part B, Basic	84.027	H027A150100	IDEA415015	7/1/14- 6/30/15	378,810	(113,643)		113,643										
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA415016	7/1/15- 6/30/16	10,709			10,709	(10,709)		(10,709)							
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA415015	7/1/14- 6/30/15	12,631	(3,363)		3,363										
NCLB T-II A	84.367A	S367A150029	NCLB415016	7/1/15- 6/30/16	37,412			23,296	(31,574)		(31,574)		(8,278)					
NCLB T-II A	84.367A	S367A150029	NCLB415015	7/1/14- 6/30/15	37,406	(22,363)		22,363										
NCLB T-II A	84.367A	S367A150029	NCLB415014	7/1/13- 6/30/14	37,406		280									280		
Total U.S. Department of Education									(284,579)	280	994,614	(899,143)	(899,143)	351	(188,757)	280		
Total Federal Financial Awards									\$ (310,807)	\$ 3,498	\$ 280	\$ 1,371,738	\$ (1,308,900)	\$ (1,308,900)	\$ 351	\$ (248,863)	\$ 4,743	\$ 280

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.

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

EXHIBIT K-4

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2015		Cash Received	Budgetary Expenditures	June 30, 2016		MEMO		
				(Accounts Receivable)	Unearned Revenue			(Accounts Receivable)	Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:												
General Fund:												
Equalization Aid	15-495-034-5120-078	\$10,430,292	7/1/14 to 6/30/15	\$ (1,005,634)	\$	\$ 1,005,634	\$	\$	\$	\$	\$	
Equalization Aid	16-495-034-5120-078	10,430,292	7/1/15 to 6/30/16			9,414,513	(10,430,292)	(1,015,779)		(1,015,779)	* 10,430,292	
Transportation Aid	15-495-034-5120-014	729,154	7/1/14 to 6/30/15	(70,301)		70,301						
Transportation Aid	16-495-034-5120-014	729,154	7/1/15 to 6/30/16			658,144	(729,154)	(71,010)		(71,010)	* 729,154	
Special Education Categorical Aid	15-495-034-5120-089	837,197	7/1/14 to 6/30/15	(80,718)		80,718						
Special Education Categorical Aid	16-495-034-5120-089	837,197	7/1/15 to 6/30/16			755,665	(837,197)	(81,532)		(81,532)	* 837,197	
Security Aid	15-495-034-5120-084	228,815	7/1/14 to 6/30/15	(22,061)		22,061						
Security Aid	16-495-034-5120-084	228,815	7/1/15 to 6/30/16			206,531	(228,815)	(22,284)		(22,284)	* 228,815	
Adjustment Aid	15-495-034-5120-085	12,519	7/1/14 to 6/30/15	(1,207)		1,207						
Adjustment Aid	16-495-034-5120-085	12,519	7/1/15 to 6/30/16			11,300	(12,519)	(1,219)		(1,219)	* 12,519	
School Choice Aid	15-495-034-5120-068	1,171,078	7/1/14 to 6/30/15	(116,747)		116,747						
School Choice Aid	16-495-034-5120-068	1,267,285	7/1/15 to 6/30/16			1,143,868	(1,267,285)	(123,417)		(123,417)	* 1,267,285	
PARCC Readiness Aid	15-495-034-5120-098	14,560	7/1/14 to 6/30/15	(1,404)		1,404						
PARCC Readiness Aid	16-495-034-5120-098	14,560	7/1/15 to 6/30/16			13,142	(14,560)	(1,418)		(1,418)	* 14,560	
Per Pupil Growth Aid	15-495-034-5120-097	14,560	7/1/14 to 6/30/15	(1,404)		1,404						
Per Pupil Growth Aid	16-495-034-5120-097	14,560	7/1/15 to 6/30/16			13,142	(14,560)	(1,418)		(1,418)	* 14,560	
Extraordinary Aid	15-100-034-5120-473	80,428	7/1/14 to 6/30/15	(80,267)		80,267						
Extraordinary Aid	16-100-034-5120-473	193,589	7/1/15 to 6/30/16				(193,589)	(193,589)			* 193,589	
Non-Public Transportation Aid	15-495-034-5120-014	12,701	7/1/14 to 6/30/15	(12,701)		12,701						
Non-Public Transportation Aid	16-495-034-5120-014	11,483	7/1/15 to 6/30/16				(11,483)	(11,483)			* 11,483	
Reimbursed TPAF Social Security Contrib.	15-495-034-5094-003	828,621	7/1/14 to 6/30/15	(39,897)		39,897						
Reimbursed TPAF Social Security Contrib.	16-495-034-5094-003	842,466	7/1/15 to 6/30/16			801,157	(842,466)	(41,309)			* 842,466	
				(1,432,341)		14,449,803	(14,581,920)	(1,564,458)		(1,318,077)	14,581,920	
Special Revenue Fund:												
Preschool Education Aid	16-495-034-5120-086	69,300	7/1/15 to 6/30/16			62,370	(69,300)	(6,930)		(6,930)	* 69,300	
Preschool Education Aid	15-495-034-5120-086	69,300	7/1/14 to 6/30/15	(6,930)		6,930						
Teacher Quality Mentoring	08-495-034-5120-052	3,033	7/1/07 to 6/30/08			902				902		
				(6,930)		902	(69,300)	(6,930)		902	(6,930)	
						69,300	(69,300)	(6,930)		902	69,300	
Debt Service Fund:												
Debt Service Aid Type II	16-495-034-5120-017	269,640	7/1/15 to 6/30/16			269,640	(269,640)				* 269,640	
Capital Projects Fund:												
NJSDA Grant - Olivet	4150-060-09-1001-GO2 PEC	2,013,670	7/1/09 to Closing	(520,621)				(520,621)			* 1,593,129	
NJSDA Grant - Middle School	4150-060-09-1002-GO2 PEC	125,983	7/1/09 to Closing	(48,659)				(48,659)			* 156,063	
				(569,280)				(569,280)			1,749,192	
State Department of Agriculture:												
Enterprise Fund												
National School Lunch Program (State Share)	16-100-010-3350-023	6,786	7/1/15 to 6/30/16			5,639	(6,786)	(1,147)			* 6,786	
National School Lunch Program (State Share)	15-100-010-3350-023	7,051	7/1/14 to 6/30/15	(745)		745						
				(745)		6,384	(6,786)	(1,147)			6,786	
Total State Financial Assistance Subject to OMB 15-08				\$ (2,009,296)	\$ 902	\$ 14,795,127	\$ (14,927,646)	\$ (2,141,815)	\$ 902	\$ (1,325,007)	\$ 16,407,198	
State Financial Assistance Not Subject to OMB 15-08												
On-Behalf TPAF Post Retirement Medical	16-495-034-5094-001	1,074,222	7/1/15 to 6/30/16			\$ 1,074,222	\$ (1,074,222)					
On-Behalf TPAF Pension Contribution	16-495-034-5094-006	902,159	7/1/15 to 6/30/16			902,159	(902,159)					
Total State Financial Assistance						\$ 16,771,508	\$ (16,904,027)					

See accompanying notes to schedules of financial assistance

TOWNSHIP OF PITTSGROVE 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 Board of Education of the Township of Pittsgrove 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 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 (\$25,531) for the general fund and \$2,797 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:

TOWNSHIP OF PITTSGROVE 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	\$ 18,614	\$ 16,532,770	\$ 16,551,384
Special Revenue Fund	901,940	69,300	971,240
Debt Service		269,640	269,640
Food Service Fund	<u>391,143</u>	<u>6,786</u>	<u>397,929</u>
Total Awards & Financial Assistance	\$ <u>1,311,697</u>	\$ <u>16,878,496</u>	\$ <u>18,190,193</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

Township of Pittsgrove School District had no outstanding 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 no adjustments on Schedule A of Federal Awards or Schedule B of State Financial Assistance.

PITTSBORO 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
none
- 2) Significant deficiencies identified? _____ yes X 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
none
- 2) Significant deficiencies identified? _____ Yes X 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

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A150100	IDEA Part B Basic
84.173	H173A150114	IDEA Part B Preschool

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

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

PITTSBORO 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? X yes no

Internal control over major programs:

1) Material weakness (es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? 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
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-068	School Choice Aid
16-495-034-5120-085	Adjustment Aid
16-495-034-5120-014	Transportation Aid
16-495-034-5094-003	Reimbursed TPAF Social Security Contribution

**PITTSGROVE 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 Response:

PITTSBORO 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:

**PITTSGROVE 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:

The bank reconciliations, as of June 30, 2015, contained old outstanding checks and other reconciling items that were not cleared from the records.

Current Status:

Resolved.

Finding: 2015-2

Condition:

Balances of accounts receivable, accounts payable and inventory, within the various Internal Service Funds of the District, did not appear to be adequately reviewed and analyzed for adjustment.

Current Status:

Resolved.

Finding 2015-3

Condition:

There exists a balance in NJSDA Grants receivable in the total amount of \$569,280 that relates to projects that are several years old.

Current Status:

Resolved. The related reimbursement requests are currently being reviewed by the NJSDA and are considered collectable by the District.