

GIBBSBORO SCHOOL DISTRICT

Gibbsboro, New Jersey
County of Camden

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

GIBBSBORO SCHOOL DISTRICT

GIBBSBORO, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Gibbsboro School District
Finance Department**

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INTRODUCTORY SECTION

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GIBBSBORO ELEMENTARY SCHOOL DISTRICT

Grades PS through 8

Mr. Jack Marcellus
Superintendent/Principal
jmarcellus@gibbsoroschool.org

Frank Domin, Jr.
Business Administrator
fdomin@gibbsoroschool.org

September 6, 2017

Honorable President and Members
of the Board of Education
Gibbsboro School District
County of Camden
Gibbsboro, New Jersey, 08026

Dear Board Members:

The comprehensive annual financial report of the Gibbsboro School District for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget's Uniform Guidance, "Audits of State, Local Governments and Nonprofits Organizations", and New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** The Gibbsboro School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Gibbsboro School District constitutes the reporting entity. The District provides a full range of educational services appropriate to grade levels PS through 8. These include regular, as well as special education for handicapped youngsters. In addition to the classroom teachers, several professional and non-professional support staff are employed to meet the growing needs of the pupils we serve. The District completed the 2016-2017 fiscal year with an enrollment of 256 students.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	256.0	0.004%
2015-16	255.0	-6.59%
2014-15	273.0	-1.80%
2013-14	278.0	.007%
2012-13	273.0	10.08%
2011-12	248.0	0.00%
2010-11	248.0	-1.98%
2009-10	253.0	-0.04%
2008-09	254.0	-5.30%
2007-08	268.0	-6.70%

2) **MAJOR INITIATIVES:**

CURRICULUM

- Curriculum
 - Purchase of IXL software for remediation and enrichment opportunities
 - Team approach at every level to map the curriculum and coordinate instruction
- Moving forward into sixth year of Professional Learning Communities
 - Conversations will be centered around student learning plans while planning for improvement and tracking it.
 - New Schedule was created to facilitate Re-enforcement and Enrichment
 - Meetings will be content based with teacher leaders facilitating the meetings
- Embedding technology in the classroom - everyday
 - Grades K-5 with classroom sets of Chromebooks
 - IXL software for all students in all content areas
 - Grades 6-8 utilizing iPads
 - Provide students with digital resources
 - Wireless educational environment with expanded bandwidth
- Safety
 - Upgrade security system with additional security cameras
- PARCC
 - Increase bandwidth both internally as well as externally(up/down), new switches and servers.
 - Continue to improve on participation rates and increase the percentage of students proficient in Algebra I in 8th Grade
- Expansion of communication to all stakeholders via e-mail and text alerts
- Improve on ACHIEVENJ, teacher evaluation mandate
 - Provide teachers with annual professional development in teacher practice rubrics

TECHNOLOGY - All students will be able to share information on Google Classroom with iPads in Grades 6-8 and on Chromebooks in Grades K-5. For the first time in the school's history, there is now a device for every child to use at any time during the day. IXL software is a common resource now for all content areas and all grade levels.

3) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

(1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

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

6) **FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2017:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2016</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 3,161,800	60.88%	\$ 30,354	0.97%
State Sources	1,923,790	37.04%	65,550	3.53%
Federal Sources	<u>107,757</u>	<u>2.08%</u>	<u>(5,132)</u>	<u>(4.55%)</u>
Total	<u>\$ 5,193,347</u>	<u>100.00%</u>	<u>\$ 90,772</u>	<u>1.78%</u>

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2017:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2016</u>	<u>Percent Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 2,168,904	43.57%	\$(14,847)	(0.68%)
Undistributed Expenses	2,544,284	51.11%	(55,464)	(2.13%)
Capital Outlay	38,999	0.78%	8,406	27.48%
Debt Service	<u>225,875</u>	<u>4.54%</u>	<u>(2,900)</u>	<u>(1.27%)</u>
Total	<u>\$ 4,978,062</u>	<u>100.00%</u>	<u>\$(64,805)</u>	<u>(1.29%)</u>

7) **DEBT ADMINISTRATION:** As of June 30, 2017, the District had \$2,165,000 in outstanding debt principal for the 2011 refunding bonds.

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

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

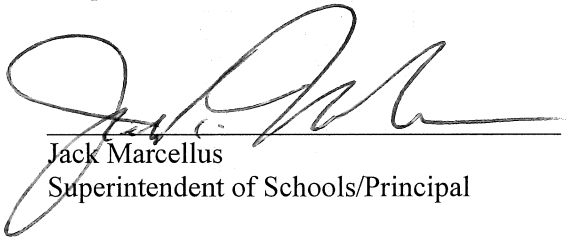
10) **OTHER INFORMATION:**

A) **Independent Audit-** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Uniform Guidance and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

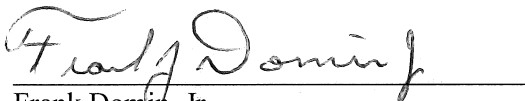
11) **ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Gibbsboro School District 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,



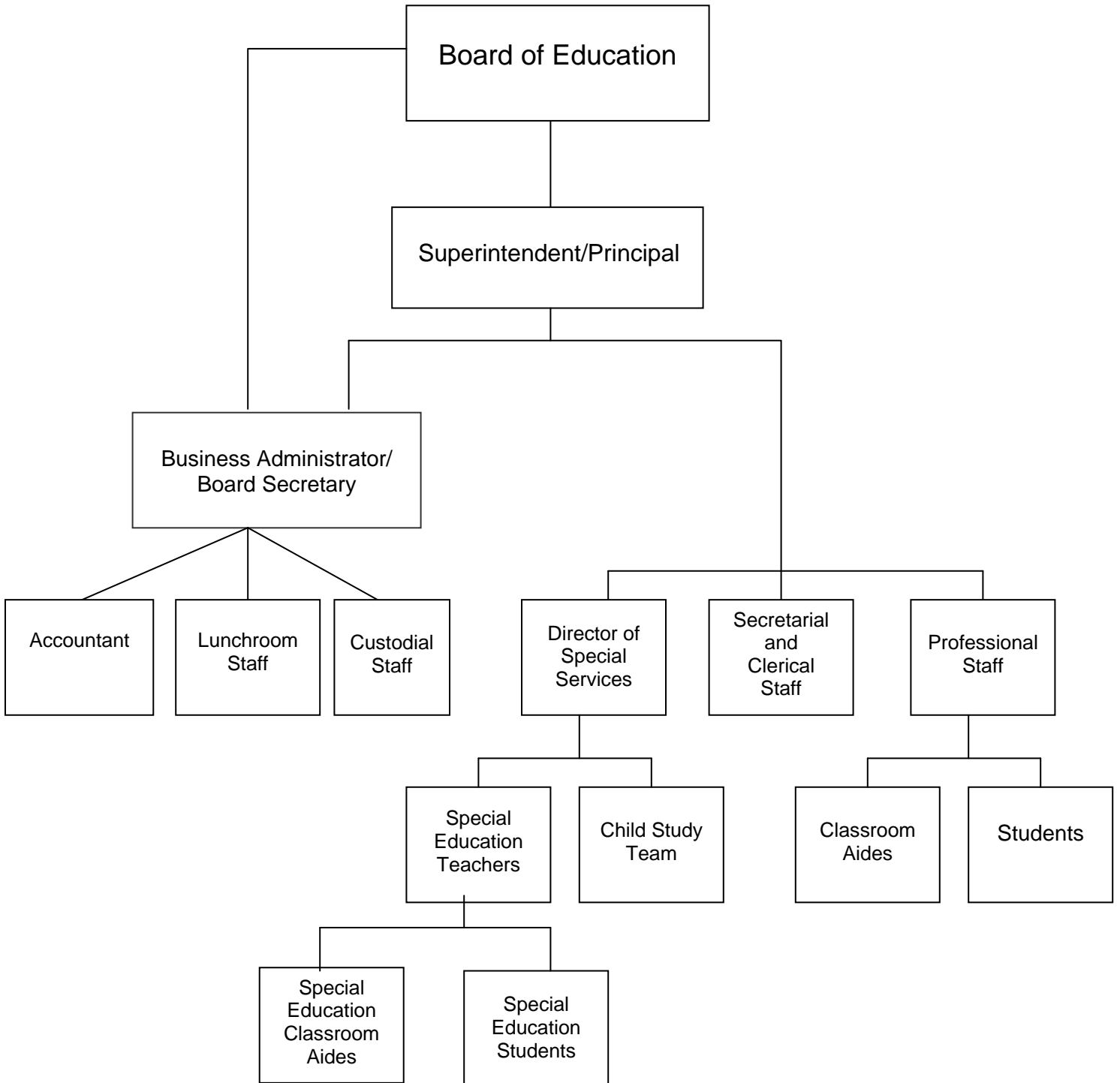
Jack Marcellus
Superintendent of Schools/Principal



Frank Domin, Jr.
Business Administrator

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ORGANIZATION CHART



GIBBSBORO SCHOOL DISTRICT
37 Kirkwood Road
Gibbsboro, New Jersey 08026

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Joyce A. Miller, President	2019
Lorraine Balut, Vice President	2017
Geoff Alexander	2017
Maria Carrington	2018
Ellie Falcone	2017
Mike MacFerren	2019
Kristi Whyte	2019
Steve Lee	2017
Dorothy Warner	2018

OTHER OFFICIALS

John T. Marcellus, Superintendent/Principal

Frank J. Domin, Jr., Business Administrator

Ronald Sahli, Esq., Solicitor

GIBBSBORO SCHOOL DISTRICT
37 Kirkwood Road
Gibbsboro, New Jersey 08026

CONSULTANTS AND ADVISORS

INSURANCE BROKER

Leonard O'Neill Insurance Group
Gibbsboro, New Jersey

AUDIT FIRM

Michael Holt, CPA, PSA
Holman Frenia Allison, P. C.
618 Stokes Road
Medford, New Jersey 08055

SOLICITOR

Ronald W. Sahli, Esq.
Hammonton, New Jersey

OFFICIAL DEPOSITORY

Columbia Bank
Voorhees, NJ

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FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Gibbsboro School District
County of Camden
Gibbsboro, New Jersey 08026

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 Gibbsboro School District, County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Gibbsboro School District, County of Camden, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gibbsboro School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
September 6, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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Gibbsboro School District

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

(Unaudited)

The discussion and analysis of Gibbsboro School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. 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.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2016-17) and the prior year (2015-16) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2016-2017 are as follows:

- The assets of the Gibbsboro School District exceeded its liabilities at the close of the most recent fiscal year by \$2,081,249 (net position).
- Net Position for Governmental Activities and for Business-Type Activities were \$2,079,164 and \$2,085, respectively.
- The General Fund, fund balance as of June 30, 2017 was \$786,039, an increase of \$269,338 when compared with the beginning balance as of July 1, 2016 of \$516,701.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discuss and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements, Exhibit A-1 and A-2, are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about those types of activities that operate like a business.

Fiduciary fund statements provide information about the financial relationships in which the School District acts as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statements are followed by another section, Part II that contains required supplementary information that further explains and supports the information in the financial statements including budget schedules, reconciliations and individual fund statements.

Table A-1 summarizes the major features of the Gibbsboro School District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education, building maintenance, and pupil transportation.	Activities the District operates similar to private business: Food Service Fund, PALS Fund
Required Financial Statements	Statement of net position	Balance sheet	Statement of net position
	Statement of activities	Statement of revenue, expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net assets Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities include all assets and liabilities of the School District 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 change in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position 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 facility condition, required educational programs, changes in the District's property tax base and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental and business – type activities.

- *Governmental activities* - Most of the School District's programs and services are reported including, but not limited to, regular and special instruction, support services, operation and maintenance of plant, pupil transportation and administration. Aid from the State of New Jersey and from the Federal government along with local property taxes finances the majority of these activities.
- *Business-type activities* – The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund is included here.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The Fund financial reports provide detailed information about the School District's major funds. The School District uses several funds to account for a variety 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, the Special Revenue Fund, the Capital Projects Fund and the Debt Service Fund.

Governmental Funds

Most of 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 future periods. These funds are reported using an accounting method called modified accrual basis of 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.

FINANCIAL ANALYSIS OF THE GIBBSBORO SCHOOL DISTRICT AS A WHOLE

The Statement of Net Position provides the perspective of the School District as a whole.

Table A-2 provides a summary of the School District's net position for 2017.

Table A-2
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 786,379	\$ 516,701	\$ 1,745	\$ 1,753	\$ 788,124	\$ 518,454
Capital Assets	4,214,575	4,364,149	-	-	4,214,575	4,364,149
Total Assets	5,000,954	4,880,850	1,745	1,753	5,002,699	4,882,603
Deferred Charges on Debt	82,736	90,090	-	-	82,736	90,090
Deferred Outflows related to Pensions	314,363	112,682	-	-	314,363	112,682
Total Deferred Outflows	397,099	202,772	-	-	397,099	202,772
Total Assets and Deferred Outflows of Resources	5,398,053	5,083,622	1,745	1,753	5,399,798	5,085,375
Long Term Liabilities	3,245,621	3,030,020	-	-	3,245,621	3,030,020
Other Liabilities	57,951	176,922	(340)	-	57,611	176,922
Total Liabilities	3,303,572	3,206,942	(340)	-	3,303,232	3,206,942
Deferred Inflows related to Pensions	15,317	31,114	-	-	15,317	31,114
Total Deferred Inflows	15,317	31,114	-	-	15,317	31,114
Total Liabilities and Deferred Inflows of Resources	3,318,889	3,238,056	(340)	-	3,318,549	3,238,056
Net Position						
Invested in capital assets, net of debt	2,081,898	2,054,149	-	-	2,081,898	2,054,149
Restricted	646,875	375,874	-	-	646,875	375,874
Unrestricted	(649,609)	(584,457)	2,085	1,753	(647,524)	(582,704)
Total Net Position	\$ 2,079,164	\$ 1,845,566	\$ 2,085	\$ 1,753	\$ 2,081,249	\$ 1,847,319

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

- Programs revenues were \$1,590,315.
 - Operating Grants & Contributions - \$1,462,347.
 - Charges for Services - \$127,968.
- General revenues, Special Items, Extraordinary Items and Transfers amounted to \$4,579,291.
- Total Expenses were \$5,935,676.
- Total District revenues & beginning net position is adjusted by net adjusted expenses resulting in a calculation of net position of \$2,081,249, as of June 30, 2017.
- Revenues \$6,169,606 + Beginning net position \$1,847,319 – Expenses (\$5,935,676) = Net Position of \$2,081,249.

Table A-3 shows a summary of the changes in net assets for fiscal year 2017.

Table A-3
Changes in Net Position
Governmental and Business-Type Activities

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues		
Charges for Services	\$ 127,968	\$ 134,953
Operating Grants & Contributions	1,462,347	1,088,377
General Revenues		
Property Taxes	3,060,395	3,007,718
State & Federal Aid	1,417,487	1,412,099
Other	101,409	123,732
Total Revenues	<u>6,169,606</u>	<u>5,766,879</u>
Expenses		
Governmental Activities:		
Instruction		
Regular	1,771,771	1,809,732
Special Education	397,133	374,019
Support Services:		
Attendance	8,328	7,941
Health	79,616	76,856
Student and Instruction Related Services	392,875	409,864
Educational Media Services/School Library	3,256	4,491
Instructional Staff Training Services	858	226
School Administrative Services	50,420	51,133
General and Central Administrative Services	225,918	222,983
Plant Operations & Maintenance	324,667	275,220
Pupil Transportation	53,248	54,856
Unallocated Benefits	2,293,904	2,021,761
Interest on Long-Term Debt	76,235	116,275
Unallocated Depreciation	157,723	183,076
Unallocated Disposal of Assets	257	-
Total Expenses Governmental Activities	<u>5,836,209</u>	<u>5,608,433</u>
Business-Type Activities:		
PALS Program	47,660	46,087
Food Service	51,807	50,837
Total Expenses Business-Type Activities	<u>99,467</u>	<u>96,924</u>
Total Expenses	<u>5,935,676</u>	<u>5,705,357</u>
Net Increase/Decrease in Net Position	233,930	61,522
Net Position Beginning July 1, 2016	1,847,319	1,785,797
Net Position Ending June 30, 2017	<u>\$ 2,081,249</u>	<u>\$ 1,847,319</u>

Total revenues for the District were \$6,169,606. Government funding was the source of 46.68% of the District's revenues. This includes Federal Sources and the State of New Jersey.

Property taxes of \$3,060,395 provided the District with 49.60% of the District's total revenue.

The District's expenses for government activities are predominately related to instruction and support services. Instruction together with tuition total \$2,168,904, or 37.16%, of total expenditures for the District. (See Table A-4)

Table A-4
Net Cost of Governmental Activities

	Source	2017		2016	
		Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Governmental Activities:					
Instruction	A-2	\$ 2,168,904	\$ 2,088,640	\$ 2,183,751	\$ 2,082,736
Support Services:					
Attendance	A-2	8,328	8,328	7,941	7,941
Health	A-2	79,616	79,616	76,856	76,856
Student and Instruction Related Services	A-2	392,875	365,382	409,864	397,990
Educational Media Services/School Library	A-2	3,256	3,256	4,491	4,491
Instructional Staff Training Services	A-2	858	858	226	226
School Administrative Services	A-2	50,420	50,420	51,133	51,133
General and Business Administrative Services	A-2	225,918	225,918	222,983	222,983
Administration Information Technology	A-2	-	-	-	-
Plant Operations and Maintenance	A-2	324,667	324,667	275,220	275,220
Pupil Transportation	A-2	53,248	53,248	54,856	54,856
Unallocated Benefits	A-2	2,293,904	965,194	2,021,761	1,069,654
Interest on Long-Term Debt	A-2	110,532	110,532	113,397	113,397
Unallocated Compensated Absences	A-2	(37,170)	(37,170)	(640)	(640)
Amortized Loss on Debt Issuance	A-2	2,873	2,873	2,874	2,874
Unallocated Disposal of Assets	A-2	257	257	257	-
Unallocated Depreciation	A-2	157,723	157,723	183,720	183,720
Total Governmental Activities		\$ 5,836,209	\$ 4,399,742	\$ 5,608,433	\$ 4,543,437

Activity Descriptions

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

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

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

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

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

Pupil transportation includes activities involved with the conveyance of students to and from school activities.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT’S FUNDS

The financial performance of the Gibbsboro School District as a whole is reflected in the governmental funds, which are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$5,193,347, expenditures of \$4,978,062, and other financing sources of \$54,053. As the District completed the year, its governmental funds reported a combined fund balance of \$786,039.

GENERAL FUND BUDGETING HIGHLIGHTS

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

The final budgetary basis revenue estimate was \$4,394,936. The original budgeted estimate was \$4,394,936. The final budgetary basis expenditure appropriation estimate was \$4,537,550 compared to the original estimate of \$4,537,550.

The following schedule (Table A-5) presents a summary of General Fund Revenues.

**Table A-5
Summary of General Fund Revenues
For the Year Ended**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Revenues		
Local Sources:		
Local tax levy	\$ 2,834,520	\$ 2,778,943
Tuition	87,463	115,063
Miscellaneous	<u>13,942</u>	<u>8,665</u>
Total - Local Sources	<u>2,935,925</u>	<u>2,902,671</u>
State Sources	<u>1,923,790</u>	<u>1,858,240</u>
Total - Government Sources	<u>1,923,790</u>	<u>1,858,240</u>
Total Revenues	<u>\$ 4,859,715</u>	<u>\$ 4,760,911</u>

The primary source of funding for the District is received from local property taxes that accounted for 58.33% of total revenues. State aid accounted for 39.59% of total revenues.

The following schedule (Table A-6) presents a summary of General Fund expenditures.

Table A-6
Summary of General Fund Expenditures
For the Year Ended

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Current		
Instruction		
Regular	\$ 1,607,412	\$ 1,627,202
Special Education	397,133	374,019
Other	84,095	81,515
Support Services and Undistributed Costs:		
Services	457,440	487,504
School Administrative Services	50,420	51,133
General and Business Administrative	225,918	222,983
Services		
Plant Operations and Maintenance	324,667	275,220
Pupil Transportation	53,248	54,856
Capital Outlay	38,999	30,593
Unallocated Benefits	<u>1,405,098</u>	<u>1,496,178</u>
 Total Expenditures	 <u>\$ 4,644,430</u>	 <u>\$ 4,701,203</u>

Total General Fund expenditures decreased \$56,773 or 1.21% from the previous year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

At the end of the fiscal year 2017, the School District had \$4,214,575 invested in land buildings, furniture and equipment, net of depreciation for governmental activities.

Table A-7 shows a summary of the fiscal 2017 & 2016 balances.

Table A-7
Capital Assets

	<u>June 30, 2017</u> Governmental Activities	<u>June 30, 2016</u> Governmental Activities
Building & Building Improvements	\$ 6,620,517	\$ 6,620,517
Land Improvements	233,460	233,460
Equipment	<u>250,336</u>	<u>248,430</u>
Total Capital Assets	7,104,313	7,102,407
 Less: Accumulated Depreciation	 <u>2,889,738</u>	 <u>2,738,258</u>
 Net Capital Assets	 <u>\$ 4,214,575</u>	 <u>\$ 4,364,149</u>

DEBT SERVICE FUND

The Current year obligations for payment of debt service principal and interest amounted to \$225,875. Funding was provided by the local tax levy.

FOOD SERVICE FUND

The Food Service Fund had a net position of \$2,085 as of June 30, 2017. This reflects an increase of \$332 from June 30, 2016.

LONG-TERM OBLIGATIONS

As of June 30, 2017 the District had \$2,165,000 in general obligation bonds outstanding, a decrease of \$145,000 from last year as shown in Table A-8.

The District also had a \$51,100 liability for compensated absences. This liability represents the District's contractual obligation to compensate employees for accumulated unused sick leave entitlements and accumulated unused vacation days upon retirement.

The District also had a \$979,108 net pension liability. This liability represents the District's actuarially calculated portion of net pension liability for PERS employees.

Table A-8 shows the District's long-term obligations.

Table A-8
Long Term Obligations

	Balance at <u>June 30,</u> <u>2017</u>	Balance at <u>June 30,</u> <u>2016</u>	Increase/ <u>Decrease</u>
General Obligation Bonds Payable	\$ 2,165,000	\$ 2,310,000	\$(145,000)
Net Pension Liability	979,108	726,367	252,741
Unamortized Bond Premium	50,413	54,894	(4,481)
Compensated Absences	51,100	88,240	(37,140)
TOTAL	\$ 3,245,621	\$ 3,179,501	\$ 66,120

CURRENT FINANCIAL ISSUES AND CONCERNS

The future financing of public schools in the State of New Jersey is becoming very unpredictable. In 2017, the State increased state aid provided to the District by \$65,550. The State has withheld the last two state aid payments until after the close of the fiscal year for 2017.

The School District remains fiscally responsible due to the administration, faculty, and the Board of Education, who are committed to the fiscal responsibilities of the District.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

These financial reports are designed to provide our citizens, taxpayers and creditors with a general overview of the School District's finances and to show the accountability for money received from the state and local government. If you have questions about this report or need additional information, contact Mrs. Valerie Carmody, Interim Business Administrator at: Gibbsboro School District, 37 Kirkwood Road, Gibbsboro, New Jersey 08026.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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GIBBSBORO SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Cash & Cash Equivalents	\$ 774,612	\$ 1	\$ 774,613
Receivables, Net	11,767	1,744	13,511
Capital Assets, Net (Note 5)	4,214,575	-	4,214,575
Total Assets	5,000,954	1,745	5,002,699
DEFERED OUTFLOW OF RESOURCES			
Deferred Charges on Refunding of Debt	82,736	-	82,736
Deferred Outflows Related to Pensions	314,363	-	314,363
Total Deferred Outflow of Resources	397,099	-	397,099
Total Assets and Deferred Outflow of Resources	5,398,053	1,745	5,399,798
LIABILITIES			
Due to Other Governments	31,136	-	31,136
Accrued Interest Payable	26,475	-	26,475
Internal Balances	340	(340)	-
Noncurrent Liabilities (Note 7):			
Due Within One Year	154,481	-	154,481
Due Beyond One Year	3,091,140	-	3,091,140
Total Liabilities	3,303,572	(340)	3,303,232
DEFERED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	15,317	-	15,317
Total Deferred Inflows of Resources	15,317	-	15,317
Total Liabilities and Deferred Inflows of Resources	3,318,889	(340)	3,318,549
NET POSITION			
Net Investment in Capital Assets	2,081,898	-	2,081,898
Restricted For:			
Debt Service	(26,475)	-	(26,475)
Other Purposes	673,350	-	673,350
Unrestricted	(649,609)	2,085	(647,524)
Total Net Position	\$ 2,079,164	\$ 2,085	\$ 2,081,249

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

**GIBBSBORO SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 1,687,676	\$ -	\$ 80,264	\$ (1,607,412)	\$ -	\$ (1,607,412)
Special Education Instruction	397,133	-	-	(397,133)	-	(397,133)
Other Instruction	84,095	-	-	(84,095)	-	(84,095)
Support Services & Undistributed Costs:						
Attendance/Social Work	8,328	-	-	(8,328)	-	(8,328)
Health Services	79,616	-	-	(79,616)	-	(79,616)
Student & Instruction Related Services	392,875	-	27,493	(365,382)	-	(365,382)
Educational Media Services/School Library	3,256	-	-	(3,256)	-	(3,256)
Instructional Staff Training	858	-	-	(858)	-	(858)
General Administrative Services	125,983	-	-	(125,983)	-	(125,983)
School Administrative Services	50,420	-	-	(50,420)	-	(50,420)
Central Services	99,935	-	-	(99,935)	-	(99,935)
Plant Operations & Maintenance	324,667	-	-	(324,667)	-	(324,667)
Pupil Transportation	53,248	-	-	(53,248)	-	(53,248)
Unallocated Benefits	2,293,904	-	1,328,710	(965,194)	-	(965,194)
Interest and Other Changes on Long-Term Debt	76,235	-	-	(76,235)	-	(76,235)
Unallocated Disposal of Assets	257	-	-	(257)	-	(257)
Unallocated Depreciation	157,723	-	-	(157,723)	-	(157,723)
Total Governmental Activities	\$ 5,836,209	\$ -	\$ 1,436,467	\$ (4,399,742)	\$ -	\$ (4,399,742)

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

**GIBBSBORO SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Business-Type Activities:					
PALS Program	47,660	101,713	-	-	54,053
Food Service	51,807	26,255	25,880	-	328
Total Business-Type Activities	99,467	127,968	25,880	-	54,381
Total Primary Government	\$ 5,935,676	\$ 127,968	\$ 1,462,347	\$ (4,399,742)	\$ (4,345,361)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net				2,834,520	2,834,520
Taxes Levied for Debt Service				225,875	225,875
Federal & State Aid Not Restricted				1,417,487	1,417,487
Tuition From Individuals				43,713	43,713
Tuition From Other LEAs Within the State				43,750	43,750
Miscellaneous Income				13,942	13,946
Transfers				54,053	(54,053)
Total General Revenues, Special Items, Extraordinary Items & Transfers				4,633,340	4,579,291
Change In Net Position				233,598	233,930
Net Position - Beginning				1,845,566	1,847,319
Net Position - Ending				\$ 2,079,164	\$ 2,081,249

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

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B. Fund Financial Statements

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Governmental Funds

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**GIBBSBORO SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

	GENERAL FUND	TOTALS
Assets:		
Cash & Cash Equivalents	\$ 524,344	\$ 524,344
Accounts Receivable:		
State Aid	1,218	1,218
Interfund Receivable	10,549	10,549
Restricted Cash & Cash Equivalents	250,268	250,268
	786,379	786,379
Total Assets	786,379	786,379
Liabilities & Fund Balances:		
Liabilities:		
Interfund Payable	340	340
	340	340
Total Liabilities	340	340
Fund Balances:		
Restricted for:		
Capital Reserve Account	100,001	100,001
Maintenance Reserve Account	150,267	150,267
Excess Surplus	236,191	236,191
Excess Surplus Designated for Subsequent Year's Expenditures	157,180	157,180
Assigned to:		
Designated for Subsequent Year's Expenditures	29,711	29,711
Unassigned:		
General Fund	112,689	112,689
	112,689	112,689
Total Fund Balances	786,039	786,039
Total Liabilities & Fund Balances	\$ 786,379	\$ 786,379

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 \$7,104,313 and the accumulated depreciation is \$2,889,738.	4,214,575
Accrued interest payable is not recorded in the fund financials due to the fact that payables are not due in the current period.	(26,475)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	299,046
Unamortized bond loss on refunding of Bonds is not recorded in the fund financials but is recorded on the government-wide financials	82,736
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(31,136)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 7)	(3,245,621)
Net Position of Governmental Activities	\$ 2,079,164

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

**GIBBSBORO SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTALS
Revenues:				
Local Sources:				
Local Tax Levy	\$ 2,834,520	\$ -	\$ 225,875	\$ 3,060,395
Tuition From Individuals	43,713	-	-	43,713
Tuition From Other LEAs Within the State	43,750	-	-	43,750
Miscellaneous	13,942	-	-	13,942
Total Revenues - Local Sources	2,935,925	-	225,875	3,161,800
State Sources	1,923,790	-	-	1,923,790
Federal Sources	-	107,757	-	107,757
Total Revenues	4,859,715	107,757	225,875	5,193,347
Expenditures:				
Current Expense:				
Regular Instruction	1,607,412	80,264	-	1,687,676
Special Education Instruction	397,133	-	-	397,133
Other Instruction	84,095	-	-	84,095
Support Services & Undistributed Costs:				
Attendance/Social Work	8,328	-	-	8,328
Health Services	79,616	-	-	79,616
Student & Instruction Related Services	365,382	27,493	-	392,875
Educational Media Services/School				
Library	3,256	-	-	3,256
Instructional Staff Training	858	-	-	858
General Administrative Services	125,983	-	-	125,983
School Administrative Services	50,420	-	-	50,420
Central Services	99,935	-	-	99,935
Plant Operations & Maintenance	324,667	-	-	324,667
Pupil Transportation	53,248	-	-	53,248
Unallocated Benefits	1,405,098	-	-	1,405,098
Capital Outlay	38,999	-	-	38,999
Debt Service:				
Principal	-	-	145,000	145,000
Interest	-	-	80,875	80,875
Total Expenditures	4,644,430	107,757	225,875	4,978,062
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	215,285	-	-	215,285
Other Financing Sources/(Uses):				
Operating Transfer In:				
Transfer From PALS Program Fund	54,053	-	-	54,053
Total Other Financing Sources/(Uses)	54,053	-	-	54,053
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	269,338	-	-	269,338
Fund Balances, July 1	516,701	-	-	516,701
Fund Balances, June 30	\$ 786,039	\$ -	\$ -	\$ 786,039

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

GIBBSBORO 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, 2017

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	269,338
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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:

Capital Outlays	\$	8,406	
Accumulated Depreciation Deletions		6,243	
Capital Asset Deletions		(6,500)	
Depreciations Expense		<u>(157,723)</u>	(149,574)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension Expense - PERS District Pension Contribution - 2017		29,369	
State Share of Unfunded TPAF Pension Expense		822,407	
Unfunded TPAF Pension Expense		(822,407)	
Pension Expense		<u>(95,768)</u>	(66,399)

Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:

Amortization of Premium on Bonds		4,481	
Amortization of Loss on Bond Refunding		<u>(7,354)</u>	(2,873)

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.	145,000
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Net Difference Accrued interest on bonds and capital leases is not recorded in fund financial statements	966
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Decrease in accrual for compensated absences	<u>37,140</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 233,598</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

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Proprietary Funds

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**GIBBSBORO SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS	
	FOOD SERVICE	TOTALS
Cash & Cash Equivalents	\$ 1	\$ 1
Accounts Receivable:		
State	47	47
Federal	1,697	1,697
Interfund	340	340
	2,085	2,085
Total Assets	2,085	2,085
NET POSITION		
Unrestricted	2,085	2,085
Total Net Position	\$ 2,085	\$ 2,085

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

**GIBBSBORO SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTALS
	FOOD SERVICE	PALS PROGRAM	
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 21,739	\$ -	\$ 21,739
Daily Sales - Non-Reimbursable Programs:			
School Lunch Program	4,516	-	4,516
Tuition	-	101,713	101,713
Total Operating Revenue	26,255	101,713	127,968
Operating Expenses:			
Salaries & Benefits	9,359	37,164	46,523
Cost of Sales - Reimbursable Program	39,942	-	39,942
Cost of Sales - Non-Reimbursable Program	2,506	-	2,506
Transportation	-	2,448	2,448
Supplies & Materials	-	8,048	8,048
Total Operating Expenses	51,807	47,660	99,467
Operating Income/(Loss)	(25,552)	54,053	28,501
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	687	-	687
Federal Sources:			
National School Lunch Program	25,193	-	25,193
Interest & Investment Revenue	4	-	4
Total Nonoperating Revenues	25,884	-	25,884
Other Financing Sources:			
Operating Transfer Out	-	(54,053)	(54,053)
Total Other Financing Sources	-	(54,053)	(54,053)
Change in Net Position	332	-	332
Total Net Position - Beginning	1,753	-	1,753
Total Net Position - Ending	\$ 2,085	\$ -	\$ 2,085

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

**GIBBSBORO SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTALS
	FOOD SERVICE	PALS PROGRAM	
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 26,255	\$ 101,713	\$ 127,968
Payments to Employees & Benefits	(9,359)	(37,164)	(46,523)
Payments to Suppliers	(42,448)	(10,496)	(52,944)
Net Cash Provided/(Used) by Operating Activities	(25,552)	54,053	28,501
Cash Flows From Noncapital Financing Activities:			
Operating Subsidies and Transfers to Other Funds	-	(54,053)	(54,053)
State & Federal Reimbursements	25,548	-	25,548
Net Cash Provided by Noncapital Financing Activities	25,548	(54,053)	(28,505)
Cash Flows From Investing Activities:			
Interest & Dividends	4	-	4
Net Cash Provided/(Used) by Investing Activities	4	-	4
Net Increase/(Decrease) in Cash & Cash Equivalents	-	-	-
Balances - Beginning of Year	1	-	1
Balances - Ending of Year	\$ 1	\$ -	\$ 1
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	\$ (25,552)	\$ 54,053	\$ 28,501
Net Cash Provided/(Used) by Operating Activities	\$ (25,552)	\$ 54,053	\$ 28,501

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

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Fiduciary Fund

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**GIBBSBORO SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	AGENCY		
	STUDENT ACTIVITY	PAYROLL	TOTALS
Cash & Cash Equivalents	\$ 14,856	\$ 23,894	\$ 38,750
Total Assets	14,856	23,894	38,750
LIABILITIES			
Interfund Payable	-	10,549	10,549
Payroll Deductions & Withholdings	-	13,345	13,345
Due to Student Groups	14,856	-	14,856
Total Liabilities	14,856	23,894	38,750
Total Net Position	\$ -	\$ -	\$ -

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

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GIBBSBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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GIBBSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Gibbsboro School District (the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Gibbsboro School District (hereafter referred to as the “School District”) is a Type II School District located in the County of Camden, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through eighth. The School District has an approximate enrollment at June 30, 2017 of 256 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of

GIBBSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued):

resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental 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.

A. Government-Wide Financial Statements

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

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

As required by the New Jersey Department of Education the School 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, interest earnings 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.

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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds would also be presented in these statements. However, internal service funds balances and activities would be combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The School District reports the following major proprietary funds:

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

PALS Program – The PALS Program fund accounts for the financial transactions related to the District’s after school and summer school program.

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds and, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The School District currently does not maintain a private purpose trust fund.

GIBBSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued):

Agency Funds - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(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:23-2-11.

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

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

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 assigned fund balances at fiscal

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

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 School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

Cash, Cash Equivalents and Investments

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

Tuition Receivable/Payable

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

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

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 School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

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

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

GIBBSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued):

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as other financing uses.

Pensions

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

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

GIBBSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued):

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

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

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

GIBBSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued):

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. 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 adoption of this Statement had no impact on the School District's financial statements

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

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*. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement 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*,

GIBBSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued):

as amended. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement 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. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 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*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District’s financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District’s bank balance of \$931,733 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 882,107
Uninsured and Uncollateralized	<u>49,626</u>
	<u>\$ 931,733</u>

Investments

The School District had no investments at June 30, 2017.

Fair Value Measurement - The School District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. Investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The School District does not have custodial credit risk policies for investments.

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 2. Deposits and Investments (continued):

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

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

Note 3. Reserve Accounts

Capital Reserve

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

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

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	1
Increased by:		
Deposits approved by Board		<u>100,000</u>
Ending Balance, June 30, 2017	\$	<u><u>100,001</u></u>

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 3. Reserve Accounts (continued):

Maintenance Reserve

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years. Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's facilities for the current year.

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 103,520
Increased by:	
Deposits approved by Board	<u>46,747</u>
Ending Balance, June 30, 2017	<u>\$ 150,267</u>

Note 4. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	<u>General Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ -	\$ -	\$ 1,697	\$ 1,697
State Awards	<u>1,218</u>	<u>1,218</u>	<u>47</u>	<u>47</u>
Total	<u>\$ 1,218</u>	<u>\$ 1,218</u>	<u>\$ 1,744</u>	<u>\$ 1,744</u>

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Retirements and Transfers	Balance June 30, 2017
Governmental Activities:				
Capital Assets being depreciated:				
Land Improvements	\$ 233,460	\$ -	\$ -	\$ 233,460
Buildings and Improvements	6,620,517	-	-	6,620,517
Equipment	248,430	8,406	(6,500)	250,336
Total Capital Assets being depreciated	<u>7,102,407</u>	<u>8,406</u>	<u>(6,500)</u>	<u>7,104,313</u>

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 5. Capital Assets (continued):

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2017</u>
Less: Accumulated Depreciation:				
Land Improvements	(138,393)	(10,808)	-	(149,201)
Buildings and Improvements	(2,398,905)	(132,410)	-	(2,531,315)
Equipment	(200,960)	(14,505)	6,243	(209,222)
Total Accumulated Depreciation	<u>(2,738,258)</u>	<u>(157,723)</u>	<u>6,243</u>	<u>(2,889,738)</u>
 Total Capital Assets being depreciated, net	<u>4,364,149</u>	<u>(149,317)</u>	<u>(257)</u>	<u>4,214,575</u>
 Total Governmental Activities Capital Assets, net	\$ <u>4,364,149</u>	\$ <u>(149,317)</u>	\$ <u>(257)</u>	\$ <u>4,214,575</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 10,549	\$ 340
Food Service Fund	340	-
Payroll Fund	<u>-</u>	<u>10,549</u>
	<u>\$ 10,889</u>	<u>\$ 10,889</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 25,833	\$ 26,419
Food Service Fund	25,548	25,548
Payroll Fund	<u>871</u>	<u>285</u>
	<u>\$ 52,252</u>	<u>\$ 52,252</u>

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Balance</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 2,310,000	\$ -	\$ 145,000	\$ 2,165,000	\$ 150,000
Unamortized Bond Premiums	54,894	-	4,481	50,413	4,481
Compensated Absences	88,240	-	37,140	51,100	-
Net Pension Liability	726,367	252,741	-	979,108	-
	<u>\$ 3,179,501</u>	<u>\$ 252,741</u>	<u>\$ 186,621</u>	<u>\$ 3,245,621</u>	<u>\$ 154,481</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences and net pension liability are liquidated by the general fund.

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

In August 2011, the School District issued \$2,755,000 of Refunding Bonds to refund the callable portion of the outstanding Series 2002 Bond Issue. The Refunding Bonds generated \$210,283 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$166,673, or a net annual present value savings of 3.11%. The Refunding Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on September 1, 2028.

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

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 150,000	\$ 77,738	\$ 227,738
2018	155,000	73,725	228,725
2019	160,000	69,000	229,000
2020	160,000	64,100	224,100
2021	170,000	58,200	228,200
2022-2026	945,000	182,500	1,127,500
2027-2028	425,000	17,100	442,100
	<u>\$ 2,165,000</u>	<u>\$ 542,363</u>	<u>\$ 2,707,363</u>

Bonds Authorized but not Issued

As of June 30, 2017, the School District had no bonds authorized but not issued.

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. 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 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS)(continued):

payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$979,108 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was 0.0033058839%, which was an increase of 0.0000701074% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$95,768 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 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	\$ 18,208	\$ -
Changes of Assumptions	202,819	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	37,334	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	24,866	15,317
School District contributions subsequent to measurement date	31,136	
	\$ 314,363	\$ 15,317

\$31,136 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2016-2017 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS)(continued):

is due on April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The 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 Ending <u>June 30,</u>		
2018	\$	60,054
2019		60,053
2020		69,420
2021		57,771
2022		20,612
		<hr/>
	\$	<u>267,910</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS)(continued):

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS)(continued):

percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% 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-percentage point lower or 1-percentage point higher than the current rate:

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS)(continued):

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 1,199,783</u>	<u>\$ 979,108</u>	<u>\$ 796,922</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

GIBBSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF)(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 with 25 or more years of service credit, 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 - The contribution policy for TPAF 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 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$13,617,641. The School District's proportionate share was \$0.

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, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0173110627%, which an increase of 0.0006090858% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized \$1,023,176 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF)(continued):

Actuarial Assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF)(continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate 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 contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF)(continued):

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>16,262,507</u>	<u>13,617,641</u>	<u>11,457,767</u>
	<u>\$ 16,262,507</u>	<u>\$ 13,617,641</u>	<u>\$ 11,457,767</u>

Pension Plan Fiduciary Net Position - 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 fair value.

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

GIBBSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF)(continued):

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$3,463, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$6,552.

Note 9. State Post-Retirement Medical Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 10. On-Behalf Payments for Fringe Benefits and Salaries (continued):

for normal costs, post-retirement medical costs and non-contributory insurance costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs and non-contributory insurance costs were \$200,769, \$167,286 and \$846, respectively.

Note 11. Risk Management

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

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

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts' attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

Economic Dependency – The School District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District's programs and activities.

Note 13. Deferred Compensation

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

Lincoln Investment Planning
AXA Equitable
Vanguard

GIBBSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 14. 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 are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with School Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$51,100 and \$-0-, respectively.

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 16. Operating Leases

The Gibbsboro School District is committed under various non-cancelable operating leases, primarily for electronic equipment that are individually below capitalization thresholds. Future minimum operating lease commitments are as follows:

<u>Year Ending June 30,</u>	
2018	<u>\$ 17,304</u>
Total Future Commitments	<u>\$ 17,304</u>

Operating lease expenditures were \$22,988 for the year ended June 30, 2017.

GIBBSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 17. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$236,191.

Note 18. Fund Balances

General Fund – Of the \$786,039 General Fund fund balance at June 30, 2017, \$100,001 has been restricted for the Capital Reserve Account; \$150,267 has been restricted for the Maintenance Reserve Account; \$236,191 has been restricted for current year Excess Surplus; \$157,180 has been restricted for Excess Surplus Designated for Subsequent Year's Expenditures; \$29,711 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and \$112,689 has been unassigned.

Note 19. Deficit in Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$26,475 at June 30, 2017. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$649,609 at June 30, 2017. The deficit is caused by the implementation of GASB 68 which requires the School District to report their proportionate share of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2017.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**GIBBSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 2,834,520	\$ -	\$ 2,834,520	\$ 2,834,520	\$ -
Tuition From Individuals	10-1310	55,000	-	55,000	43,713	(11,287)
Tuition From Other LEAs Within the State	10-1320	51,470	-	51,470	43,750	(7,720)
Miscellaneous	10-1xxx	38,000	-	38,000	13,942	(24,058)
Total Local Sources		2,978,990	-	2,978,990	2,935,925	(43,065)
State Sources:						
Categorical Transportation Aid	10-3121	20,818	-	20,818	20,818	-
Categorical Special Education Aid	10-3132	136,463	-	136,463	136,463	-
Equalization Aid	10-3176	857,242	-	857,242	857,242	-
Categorical Security Aid	10-3177	19,851	-	19,851	19,851	-
Adjustment Aid	10-3178	374,002	-	374,002	374,002	-
PARCC Readiness Aid	10-3181	2,630	-	2,630	2,630	-
Per Pupil Growth Aid	10-3182	2,630	-	2,630	2,630	-
Professional Learning Community Aid	10-3183	2,310	-	2,310	2,310	-
Nonpublic Transportation Aid	10-3xxx	-	-	-	1,218	1,218
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	200,769	200,769
On-Behalf TPAF Post Retirement Medical Contribution		-	-	-	167,286	167,286
On-Behalf TPAF Long-Term Disability Insurance Contribution		-	-	-	846	846
Reimbursed TPAF Social Security		-	-	-	138,248	138,248
Total State Sources		1,415,946	-	1,415,946	1,924,313	508,367
Total Revenues		4,394,936	-	4,394,936	4,860,238	465,302
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	37,174	93	37,267	27,950	9,317
Kindergarten	11-110-100-101	157,364	(54,257)	103,107	101,511	1,596
Grades 1 - 5	11-120-100-101	684,648	29,612	714,260	708,033	6,227
Grades 6 - 8	11-130-100-101	511,933	-	511,933	500,325	11,608
Home Instruction - Regular	11-150-100-101	2,000	-	2,000	223	1,777
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	21,142	-	21,142	20,764	378
Purchased Professional & Educational Services	11-190-100-320	95,028	(1)	95,027	93,948	1,079
Other Purchased Services	11-190-100-500	27,271	1	27,272	27,272	-
General Supplies	11-190-100-610	68,238	59,148	127,386	127,386	-
Textbooks	11-190-100-640	8,596	(8,596)	-	-	-
Total Regular Programs		1,613,394	26,000	1,639,394	1,607,412	31,982
Special Education:						
Multiple Handicapped:						
Salaries of Teachers	11-212-100-101	124,074	(7,089)	116,985	102,900	14,085
Other Salaries for Instruction	11-212-100-106	10,931	6,085	17,016	16,910	106
General Supplies	11-212-100-610	600	(200)	400	297	103
Textbooks	11-212-100-640	400	(375)	25	-	25
Total Multiple Handicapped		136,005	(1,579)	134,426	120,107	14,319
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	147,087	9,756	156,843	156,843	-
Other Salaries for Instruction	11-213-100-106	27,575	(8,177)	19,398	19,348	50
General Supplies	11-213-100-610	300	-	300	300	-
Textbooks	11-213-100-640	200	-	200	152	48
Total Resource Room/Resource Center		175,162	1,579	176,741	176,643	98

**GIBBSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Autism:						
Salaries of Teachers	11-214-100-101	58,408	-	58,408	57,583	825
Other Salaries for Instruction	11-214-100-106	36,790	1,187	37,977	598	37,379
Purchased Professional - Education Services	11-214-100-320	3,600	(200)	3,400	-	3,400
General Supplies	11-214-100-610	3,000	(987)	2,013	1,194	819
Total Autism		101,798	-	101,798	59,375	42,423
Preschool Disabilities - Part Time:						
Salaries of Teachers	11-215-100-101	38,199	592	38,791	37,957	834
Other Salaries for Instruction	11-215-100-106	16,158	(592)	15,566	2,760	12,806
General Supplies	11-215-100-610	1,200	-	1,200	291	909
Total Preschool Disabilities - Part-Time		55,557	-	55,557	41,008	14,549
Total Special Education		468,522	-	468,522	397,133	71,389
School Sponsored Cocurricular Activities & Athletics:						
Salaries	11-401-100-100	69,673	(1,940)	67,733	67,523	210
Supplies and Materials	11-401-100-600	8,312	1,940	10,252	10,252	-
Salaries	11-402-100-100	8,100	-	8,100	4,716	3,384
Supplies and Materials	11-402-100-600	4,150	-	4,150	1,604	2,546
Total School Sponsored Cocurricular - Activities & Athletics		90,235	-	90,235	84,095	6,140
Total - Instruction		2,172,151	26,000	2,198,151	2,088,640	109,511
Undistributed Expenditures:						
Instruction:						
Tuition to Private Schools for Disabled Within the State - Special	11-000-100-566	19,000	-	19,000	1,540	17,460
Total Instruction		19,000	-	19,000	1,540	17,460
Attendance & Social Work Services:						
Salaries	11-000-211-100	8,139	189	8,328	8,328	-
Total Attendance Services		8,139	189	8,328	8,328	-
Health Services:						
Salaries	11-000-213-100	76,346	312	76,658	76,658	-
Purchased Professional & Technical Services	11-000-213-300	1,000	23	1,023	1,023	-
Supplies and Materials	11-000-213-600	2,500	(148)	2,352	1,935	417
Total Health Services		79,846	187	80,033	79,616	417
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	51,478	(376)	51,102	31,851	19,251
Supplies and Materials	11-000-216-600	220	-	220	220	-
Total Other Support Services - Students - Regular		51,698	(376)	51,322	32,071	19,251
Other Support Services - Students - Extra Services:						
Purchased Professional & Educational Services	11-000-217-320	45,000	-	45,000	34,867	10,133
Supplies and Materials	11-000-217-600	200	-	200	-	200
Total Other Support Services - Students - Extra Services		45,200	-	45,200	34,867	10,333

**GIBBSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Support Services - Students - Related Services:						
Salaries	11-000-218-105	24,416	322	24,738	24,738	-
Purchased Professional & Educational Services	11-000-218-320	9,290	-	9,290	8,441	849
Supplies & Materials	11-000-218-600	2,300	(322)	1,978	1,605	373
Total Other Support Services-Students-Related Services		36,006	-	36,006	34,784	1,222
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	160,480	-	160,480	156,690	3,790
Salaries of Secretarial & Clerical Assistants	11-000-219-105	38,754	-	38,754	35,747	3,007
Other Purchased Professional & Educational Services	11-000-219-320	3,900	-	3,900	2,897	1,003
Other Purchased Professional & Technical Services	11-000-219-390	3,000	-	3,000	1,830	1,170
Supplies and Materials	11-000-219-600	2,200	-	2,200	1,343	857
Other Objects	11-000-219-800	820	-	820	820	-
Total Other Support Services-Students-Special Services		209,154	-	209,154	199,327	9,827
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries	11-000-221-102	37,500	-	37,500	37,500	-
Salaries of Secretarial & Clerical Assistants	11-000-221-105	21,470	278	21,748	21,748	-
Purchases Professional & Educational Services	11-000-221-320	12,585	(278)	12,307	1,040	11,267
Other Purchased Services	11-000-221-500	500	-	500	56	444
Supplies and Materials	11-000-221-600	6,325	-	6,325	2,449	3,876
Total Improvement of Instruction Services/Other Support Services Instructional Staff		78,380	-	78,380	62,793	15,587
Educational Media Services/School Library:						
Other Purchased Services	11-000-222-500	1,000	-	1,000	1,000	-
Supplies and Materials	11-000-222-600	6,000	-	6,000	2,256	3,744
Other Objects	11-000-222-800	1,170	-	1,170	-	1,170
Total Educational Media Services/School Library		8,170	-	8,170	3,256	4,914
Instructional Staff Training Services:						
Purchased Professional & Educational Services	11-000-223-320	2,000	-	2,000	29	1,971
Other Purchased Services	11-000-223-500	2,000	-	2,000	829	1,171
Total Instructional Staff Training Services		4,000	-	4,000	858	3,142
Support Services General Administration:						
Salaries	11-000-230-100	63,716	(1,478)	62,238	62,238	-
Legal Services	11-000-230-331	14,000	(11,590)	2,410	-	2,410
Audit Fees	11-000-230-332	15,000	4,500	19,500	19,500	-
Other Purchased Professional Services	11-000-230-339	5,000	1,435	6,435	6,435	-
Purchased Technical Services	11-000-230-340	2,735	(503)	2,232	2,232	-
Communications/Telephone	11-000-230-530	13,400	1,647	15,047	15,047	-
BOE Other Purchased Services	11-000-230-585	200	(104)	96	82	14
Other Purchased Services	11-000-230-590	15,500	(119)	15,381	14,920	461
General Supplies	11-000-230-610	3,500	(2,678)	822	822	-
BOE Meeting Supplies	11-000-230-630	200	-	200	68	132
Miscellaneous Expenditures	11-000-230-890	2,500	-	2,500	1,729	771
BOE Membership Dues & Fees	11-000-230-895	4,000	-	4,000	2,910	1,090
Total Support Services General Administration		139,751	(8,890)	130,861	125,983	4,878

**GIBBSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Support Services School Administration:						
Salaries of Principals	11-000-240-103	50,000	-	50,000	50,000	-
Supplies and Materials	11-000-240-600	1,000	(500)	500	420	80
Total Support Services School Administration		51,000	(500)	50,500	50,420	80
Central Services:						
Salaries	11-000-251-100	63,617	2,731	66,348	66,348	-
Purchased Professional Services	11-000-251-330	25,634	6,356	31,990	29,534	2,456
Supplies and Materials	11-000-251-600	3,100	(2,225)	875	783	92
Other Objects	11-000-251-890	1,550	2,528	4,078	3,270	808
Total Central Services		93,901	9,390	103,291	99,935	3,356
Allowable Maintenance for School Facilities:						
Cleaning, Repair & Maintenance Services	11-000-261-420	35,000	17,483	52,483	52,483	-
General Supplies	11-000-261-610	2,000	-	2,000	1,400	600
Total Allowable Maintenance for School Facilities		37,000	17,483	54,483	53,883	600
Other Operation & Maintenance of Plant:						
Salaries	11-000-262-100	122,731	(14,033)	108,698	97,213	11,485
Cleaning, Repair & Maintenance Services	11-000-262-420	30,000	12,156	42,156	42,112	44
Other Purchased Property Services	11-000-262-490	13,000	-	13,000	12,266	734
Insurance	11-000-262-520	19,000	-	19,000	18,945	55
General Supplies	11-000-262-610	24,000	-	24,000	18,462	5,538
Energy (Natural Gas)	11-000-262-621	60,000	(12,000)	48,000	19,073	28,927
Energy (Heat & Electricity)	11-000-262-622	85,000	-	85,000	62,713	22,287
Total Other Operation & Maintenance of Plant		353,731	(13,877)	339,854	270,784	69,070
Student Transportation Services:						
Management Fee CCESE	11-000-270-350	2,700	-	2,700	1,687	1,013
Contracted Services - Aid in Lieu of Payments	11-000-270-503	7,200	(500)	6,700	6,188	512
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	10,000	3,772	13,772	13,772	-
Contracted Services (Special Education Students) - ESC'S	11-000-270-518	60,000	(3,272)	56,728	31,601	25,127
Total Student Transportation Services		79,900	-	79,900	53,248	26,652
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	60,000	(3,817)	56,183	56,183	-
Other Retirement Contribution - PERS	11-000-291-241	27,900	1,630	29,530	29,530	-
Other Contributions - D.C.R.P	11-000-291-249	3,200	402	3,602	3,602	-
Unemployment Compensation	11-000-291-250	9,200	3,198	12,398	11,597	801
Workmen's Compensation	11-000-291-260	26,000	3,408	29,408	29,408	-
Health Benefits	11-000-291-270	856,960	(42,817)	814,143	717,026	97,117
Tuition Reimbursement	11-000-291-280	10,000	2,000	12,000	11,918	82
Other Employee Benefits	11-000-291-290	11,000	-	11,000	8,625	2,375
Unused Sick Payment to Terminated/Retired Employee	11-000-291-297	23,670	6,390	30,060	30,060	-
Total Unallocated Benefits		1,027,930	(29,606)	998,324	897,949	100,375

**GIBBSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	200,769	(200,769)
On-Behalf TPAF Post Retirement Medical Contribution		-	-	-	167,286	(167,286)
On-Behalf TPAF Long-Term Disability Insurance Contribution		-	-	-	846	(846)
Reimbursed TPAF Social Security		-	-	-	138,248	(138,248)
Total Undistributed Expenditures		2,322,806	(26,000)	2,296,806	2,516,791	(219,985)
Total Expenditures - Current Expense		4,494,957	-	4,494,957	4,605,431	(110,474)
Undistributed Expenditures:						
Instructional Equipment	12-000-100-730	6,000	-	6,000	2,406	3,594
Custodial Services	12-000-260-730	6,000	-	6,000	6,000	-
Total Equipment Expenditures		12,000	-	12,000	8,406	3,594
Facilities Acquisitions & Construction Services:						
Assessment for Debt Service on SDA Funding	12-000-400-896	30,593	-	30,593	30,593	-
Total Facilities Acquisitions & Construction Services Expenditures		30,593	-	30,593	30,593	-
Total Capital Outlay		42,593	-	42,593	38,999	3,594
Total Expenditures		4,537,550	-	4,537,550	4,644,430	(106,880)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures						
		(142,614)	-	(142,614)	215,808	358,422
Other Financing Sources/(Uses):						
Operating Transfer In:						
Transfer from PALS Program Fund	11-000-310-930	-	-	-	54,053	(54,053)
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses						
Fund Balances, July 1		654,707	-	654,707	654,707	-
Fund Balances, June 30		\$ 512,093	\$ -	\$ 512,093	\$ 924,568	\$ 412,475

RECAPITULATION OF FUND BALANCE:**Restricted Fund Balance:**

Capital Reserve Account	\$ 100,001
Maintenance Reserve Account	150,267
Excess Surplus	236,191
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	157,180

Assigned Fund Balance

Designated for Subsequent Year's Expenditures	1,392
Designated for Subsequent Year's Expenditures July 1, 2017-August 1, 2017	28,319

Unassigned Fund Balance

251,218

924,568

Reconciliation to Governmental Fund Statements (GAAP):

Last Two State Aid Payments Not Recognized on GAAP Basis	(138,529)
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Fund Balance Per Governmental Funds (GAAP)

\$ 786,039

**GIBBSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
REVENUES					
Federal Sources	\$ 95,956	\$ 11,801	\$ 107,757	\$ 107,757	\$ -
Total Revenues	95,956	11,801	107,757	107,757	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers	89,374	(25,748)	63,626	63,626	-
Other Salaries for Instruction	-	4,246	4,246	4,246	-
General Supplies	-	12,392	12,392	12,392	-
Total Instruction	89,374	(9,110)	80,264	80,264	-
Support Services:					
Other Salaries	6,582	(6,582)	-	-	-
Personal Services - Employee Benefits	-	4,940	4,940	4,940	-
Purchased Professional Services	-	20,853	20,853	20,853	-
Other Purchased Services	-	1,700	1,700	1,700	-
Total Support Services	6,582	20,911	27,493	27,493	-
Total Expenditures	95,956	11,801	107,757	107,757	-
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**GIBBSBORO SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 4,860,238	\$ 107,757
Difference - Budget to GAAP:		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.		
Current Year	(138,529)	-
Prior Year	138,006	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 4,859,715	\$ 107,757
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,644,430	\$ 107,757
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 4,644,430	\$ 107,757

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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GIBBSBORO SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.00330588%	0.00323578%	0.00335814%	0.00322650%
District's proportionate share of the net pension liability (asset)	\$ 979,108	\$ 726,367	\$ 628,735	\$ 616,648
District's covered-employee payroll	\$ 234,709	\$ 227,583	\$ 220,787	\$ 240,576
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	417.16%	319.17%	284.77%	256.32%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**GIBBSBORO SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's contractually required contribution	\$ 31,136	\$ 29,369	\$ 27,819	\$ 27,684
Contributions in relation to the contractually required contribution	<u>31,136</u>	<u>29,369</u>	<u>27,819</u>	<u>27,684</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 234,709	\$ 227,583	\$ 220,787	\$ 240,576
Contributions as a percentage of covered-employee payroll	13.27%	12.90%	12.60%	11.51%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

GIBBSBORO SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State's proportionate share of the net pension liability associated with the District	\$ 13,617,641	\$ 10,556,393	\$ 9,982,402	\$ 8,861,584
District's covered-employee payroll	\$ 1,905,221	\$ 1,923,523	\$ 1,806,370	\$ 1,703,633
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**GIBBSBORO SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**GIBBSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	TITLE I		TITLE II		I.D.E.A. PART B BASIC		I.D.E.A. PART B		TOTALS
	PART A	PART A	PART A	PART A	REGULAR PROGRAM	REGULAR PROGRAM	PRESCHOOL PROGRAM	PROGRAM	TOTALS
Revenues:									
Federal Sources	\$ 24,350	\$ 7,315	\$ 71,846	\$ 4,246	\$	\$	\$	\$	\$ 107,757
Total Revenues	\$ 24,350	\$ 7,315	\$ 71,846	\$ 4,246	\$	\$	\$	\$	\$ 107,757
Expenditures:									
Instruction:									
Salaries of Teachers	\$ 19,410	\$ -	\$ 44,216	\$ -	\$	\$	\$	\$	\$ 63,626
Other Salaries for Instruction	-	-	-	-	4,246	-	-	-	4,246
General Supplies	-	-	12,392	-	-	-	-	-	12,392
Total Instruction	19,410	-	56,608	4,246					80,264
Support Services:									
Personal Services - Employee Benefits	4,940	-	-	-	-	-	-	-	4,940
Purchased Professional Services	-	7,315	13,538	-	-	-	-	-	20,853
Other Purchased Services	-	-	1,700	-	-	-	-	-	1,700
Total Support Services	4,940	7,315	15,238	-	-	-	-	-	27,493
Total Expenditures	\$ 24,350	\$ 7,315	\$ 71,846	\$ 4,246	\$	\$	\$	\$	\$ 107,757

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F. Capital Projects Fund

Not Applicable

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G. Proprietary Funds

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Enterprise Funds

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**GIBBSBORO SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	FOOD SERVICE	TOTALS
Cash & Cash Equivalents	\$	1	\$ 1
Accounts Receivable:			
State		47	47
Federal		1,697	1,697
Interfund		340	340
		2,085	2,085
 Total Assets		 2,085	 2,085
 NET POSITION			
 Unrestricted		 2,085	 2,085
 Total Net Position	 \$	 2,085	 \$ 2,085

**GIBBSBORO SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTALS
	FOOD SERVICE	PALS PROGRAM	
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 21,739	\$ -	\$ 21,739
Daily Sales - Non-Reimbursable Programs:			
School Lunch Program	4,516	-	4,516
Tuition	-	101,713	101,713
Total Operating Revenue	<u>26,255</u>	<u>101,713</u>	<u>127,968</u>
Operating Expenses:			
Salaries & Benefits	9,359	37,164	46,523
Cost of Sales - Reimbursable Programs	39,942	-	39,942
Cost of Sales - Non-Reimbursable Programs	2,506	-	2,506
Transportation	-	2,448	2,448
Supplies & Materials	-	8,048	8,048
Total Operating Expenses	<u>51,807</u>	<u>47,660</u>	<u>99,467</u>
Operating Income/(Loss)	<u>(25,552)</u>	<u>54,053</u>	<u>28,501</u>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	687	-	687
Federal Sources:			
National School Lunch Program	25,193	-	25,193
Interest & Investment Revenue	4	-	4
Total Nonoperating Revenues	<u>25,884</u>	<u>-</u>	<u>25,884</u>
Other Financing Sources/(Uses):			
Operating Transfer Out	-	(54,053)	(54,053)
Total Other Financing Sources	<u>-</u>	<u>(54,053)</u>	<u>(54,053)</u>
Change in Net Position	332	-	332
Total Net Position - Beginning	<u>1,753</u>	<u>-</u>	<u>1,753</u>
Total Net Position - Ending	<u>\$ 2,085</u>	<u>\$ -</u>	<u>\$ 2,085</u>

**GIBBSBORO SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	FOOD SERVICE	PALS PROGRAM	TOTALS
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 26,255	\$ 101,713	\$ 127,968
Payments to Employees & Benefits	(9,359)	(37,164)	(46,523)
Payments to Suppliers	(42,448)	(10,496)	(52,944)
	<hr/>	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(25,552)	54,053	28,501
Cash Flows From Noncapital Financing Activities:			
Operating Subsidies and Transfers to Other Funds	-	(54,053)	(54,053)
State & Federal Reimbursements	25,548	-	25,548
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	25,548	(54,053)	(28,505)
Cash Flows From Investing Activities:			
Interest & Dividends	4	-	4
	<hr/>	<hr/>	<hr/>
Net Cash Provided/(Used) by Investing Activities	4	-	4
	<hr/>	<hr/>	<hr/>
Net Increase/(Decrease) in Cash & Cash Equivalents	-	-	-
Balances - Beginning of Year	1	-	1
	<hr/>	<hr/>	<hr/>
Balances - Ending of Year	\$ 1	\$ -	\$ 1
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (25,552)	\$ 54,053	\$ 28,501
	<hr/>	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	\$ (25,552)	\$ 54,053	\$ 28,501
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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**GIBBSBORO SCHOOL DISTRICT
TRUST AND AGENCY FUND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	AGENCY		TOTALS
	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 14,856	\$ 23,894	\$ 38,750
Total Assets	14,856	23,894	38,750
LIABILITIES			
Interfund Payable	-	10,549	10,549
Payroll Deductions & Withholdings	-	13,345	13,345
Due to Student Groups	14,856	-	14,856
Total Liabilities	14,856	23,894	38,750
Total Net Position	\$ -	\$ -	\$ -

**GIBBSBORO SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF CHANGES OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2017
ASSETS				
Cash & Cash Equivalents	\$ 16,286	\$ 63,286	\$ 64,716	\$ 14,856
Total Assets	16,286	63,286	64,716	14,856
LIABILITIES				
Due to Student Groups	16,286	63,286	64,716	14,856
Total Liabilities	\$ 16,286	\$ 63,286	\$ 64,716	\$ 14,856

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
ASSETS				
Cash & Cash Equivalents	\$ 21,262	\$ 2,957,949	\$ 2,955,317	\$ 23,894
Total Assets	17,923	2,957,949	2,955,317	23,894
LIABILITIES				
Payroll Deductions & Withholdings	11,299	2,957,078	2,955,032	13,345
Interfunds Payable	9,963	871	285	10,549
Total Liabilities	\$ 17,923	\$ 2,957,949	\$ 2,955,317	\$ 23,894

I. Long-Term Debt

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**GIBBSBORO SCHOOL DISTRICT
LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF SERIAL BONDS
JUNE 30, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2016	PAID	BALANCE JUNE 30, 2017
			DATE	AMOUNT				
Refunding Bonds, Series 2011	8/25/11	\$ 2,755,000	9/1/17	150,000	2.250%	\$ 2,310,000	\$ 145,000	\$ 2,165,000
			9/1/18	155,000	3.000%			
			9/1/19	160,000	3.000%			
			9/1/20	160,000	3.125%			
			9/1/21	170,000	4.000%			
			9/1/22	175,000	4.000%			
			9/1/23	180,000	4.000%			
			9/1/24	190,000	4.000%			
			9/1/25	195,000	4.000%			
			9/1/26	205,000	4.000%			
		9/1/27	210,000	4.000%				
		9/1/28	215,000	4.000%				
Total						\$ 2,310,000	\$ 145,000	\$ 2,165,000

**GIBBSBORO SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 225,875	\$ -	\$ 225,875	\$ 225,875	\$ -
Total Revenues	225,875	-	225,875	225,875	-
Expenditures:					
Regular Debt Service:					
Interest	80,875	-	80,875	80,875	-
Redemption of Principal	145,000	-	145,000	145,000	-
Total Regular Debt Service	225,875	-	225,875	225,875	-
Excess/(Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

**GIBBSBORO SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF COMPENSATED ABSENCES
JUNE 30, 2017**

	OUTSTANDING BALANCE JUNE 30, 2016	DECREASE	OUTSTANDING BALANCE JUNE 30, 2017
Compensated Absences	\$ 88,240	\$ 37,140	\$ 51,100

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STATISTICAL SECTION (Unaudited)

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GIBBSBORO BOROUGH BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 2,081,898	2,054,149	2,092,869	2,144,478	2,015,731	2,053,644	2,235,281	2,289,489	2,354,068	2,428,357
Restricted	646,875	375,874	253,666	251,701	295,944	803,798	318,690	404,637	492,351	400,182
Unrestricted	(649,609)	(584,457)	(562,610)	51,941	147,054	(295,416)	25,500	(32,830)	28,401	77,254
Total Governmental Activities	2,079,164	1,845,566	1,783,925	2,448,120	2,458,729	2,562,026	2,579,471	2,661,296	2,874,820	2,905,793
Business-Type Activities:										
Unrestricted	\$ 2,085	1,753	1,872	2,773	3,703	35,196	34,471	35,632	35,637	37,585
Total Business-Type Activities	2,085	1,753	1,872	2,773	3,703	35,196	34,471	35,632	35,637	37,585
District-Wide:										
Invested in Capital Assets,										
Net of Related Debt	\$ 2,081,898	2,054,149	2,092,869	2,144,478	2,015,731	2,053,644	2,235,281	2,289,489	2,354,068	2,428,357
Restricted	646,875	375,874	253,666	251,701	295,944	803,798	318,690	404,637	492,351	400,182
Unrestricted	(647,524)	(582,704)	(560,738)	54,714	150,757	(260,220)	59,971	2,802	64,038	114,839
Total District Net Position	\$ 2,081,249	1,847,319	1,785,797	2,450,893	2,462,432	2,597,222	2,613,942	2,696,928	2,910,457	2,943,378

**GIBBSBORO BOROUGH BOARD OF EDUCATION
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 1,687,676	1,728,217	1,630,988	1,627,882	1,489,039	1,582,455	1,428,015	1,635,384	1,603,946	1,656,605
Special Education	397,133	374,019	376,557	310,257	349,707	335,939	372,793	461,860	410,513	411,735
Other Instruction	84,095	81,515	80,461	81,287	83,563	82,117	75,009	96,889	92,730	75,061
Support Services:										
Attendance/Social Work	8,328	7,941	7,563	7,370	7,212	7,036	6,763	6,506	6,202	5,912
Health Services	79,616	76,856	76,285	73,597	71,917	68,901	67,029	67,902	61,960	58,499
Student & Instruction Related Services	392,875	409,864	393,437	403,823	378,830	357,287	358,105	321,810	306,012	302,175
Educational Media/Library	3,256	4,491	6,489	1,112	36,572	42,019	42,280	40,378	41,711	52,969
Instructional Staff Training	858	226	1,080	273	5,107	4,330	7,240	5,215	3,049	4,300
General & Administrative Services	125,983	134,095	144,522	129,304	133,874	145,386	159,820	140,354	126,133	133,190
School Administrative Services	50,420	51,133	51,260	60,886	59,906	58,270	54,912	32,844	40,867	63,505
Central Services	99,935	88,888	89,803	84,146	80,694	79,656	77,088	62,772	59,764	63,457
Administrative Information Technology	-	-	-	1,489	1,453	1,410	2,280	2,568	6,450	3,218
Plant Operations & Maintenance	324,667	275,220	339,815	301,285	314,006	298,107	416,842	334,881	452,919	388,438
Pupil Transportation	53,248	54,856	71,156	101,858	78,900	70,373	72,022	86,553	68,926	67,416
Unallocated Benefits	2,293,904	2,021,761	1,857,541	1,318,515	1,289,024	1,158,627	1,080,363	1,049,724	988,168	1,085,650
Interest on Long-Term Debt	76,235	115,631	105,337	119,068	119,484	96,656	138,241	130,612	146,751	150,546
Amortized Bond Issuance Costs	-	-	-	2,873	7,084	5,902	-	8,933	25,791	(8,030)
Unallocated Debt Absences	-	-	-	19,002	(35,142)	17,496	-	-	-	-
Adjustment Due to Appraisal	-	-	-	(192,986)	-	-	-	-	-	-
Unallocated Depreciation	157,723	183,720	191,609	199,239	167,913	167,326	166,619	169,485	167,189	167,124
Total Governmental Activities Expense:	5,836,209	5,608,433	5,423,903	4,650,280	4,639,143	4,579,293	4,490,509	4,654,670	4,609,081	4,681,770
Business-Type Activities:										
Food Service	51,807	50,837	53,557	55,946	52,111	60,029	75,138	86,957	89,903	94,507
PALS Program	47,660	46,087	34,294	13,633	-	-	-	-	-	-
Internal Service Fund	-	-	-	-	-	15,050	100,782	80,040	-	-

**GIBBSBORO BOROUGH BOARD OF EDUCATION
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Business-Type Activities Expense	99,467	96,924	87,851	69,579	52,111	75,079	175,920	166,997	89,903	94,507
Total District Expenses	\$ 5,935,676	5,705,357	5,511,754	4,719,859	4,691,254	4,654,372	4,666,429	4,821,667	4,698,984	4,776,277
Program Revenues:										
Governmental Activities										
Charges for Services:										
Operating Grants & Contributions	1,436,467	1,064,996	920,206	92,482	91,440	109,200	109,279	140,987	102,089	129,586
Total Governmental Activities Program Revenues	1,436,467	1,064,996	920,206	92,482	91,440	109,200	109,279	140,987	102,089	129,586
Business-Type Activities:										
Charges for Services:										
Food Service	52,135	50,714	52,652	55,012	51,256	54,789	60,799	55,290	56,572	51,435
PALS	101,713	107,620	81,622	28,904	-	-	-	-	-	-
Internal Service Fund	-	-	-	-	-	-	15,050	100,782	80,040	-
Total Business Type Activities Program Revenues	153,848	158,334	134,274	83,916	51,256	54,789	75,849	156,072	136,612	51,435
Total District Program Revenues	\$ 1,590,315	1,223,330	1,054,480	176,398	142,696	163,989	185,128	297,059	238,701	181,021
Net (Expense)/Revenue:										
Governmental Activities	\$ (4,399,742)	(4,543,437)	(4,503,697)	(4,557,798)	(4,547,703)	(4,470,093)	(4,381,230)	(4,513,683)	(4,506,992)	(4,552,184)
Business-Type Activities	54,381	61,410	46,423	14,337	(855)	(20,290)	(100,071)	(10,925)	46,709	(43,072)
Total District-Wide Net Expense	\$ (4,345,361)	(4,482,027)	(4,457,274)	(4,543,461)	(4,548,558)	(4,490,383)	(4,481,301)	(4,524,608)	(4,460,283)	(4,595,256)

**GIBBSBORO BOROUGH BOARD OF EDUCATION
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30,										
General Revenues & Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 2,834,520	2,778,943	2,709,377	2,580,359	2,529,761	2,480,161	2,480,161	2,480,161	2,480,161	2,384,770
Taxes Levied for Debt Service	225,875	228,775	226,625	224,374	195,540	234,791	239,391	238,876	238,131	196,236
Unrestricted Grants & Contributions	1,417,487	1,412,099	1,411,573	1,738,414	1,686,735	1,723,547	1,582,248	1,529,464	1,690,016	1,871,366
Tuition From Individuals	43,713	54,108	57,085	50,563	-	-	-	-	-	-
Tuition From Other LEAs Within the State	43,750	60,955	-	-	-	-	-	-	-	-
Miscellaneous Income	13,942	8,665	4,162	2,407	1,723	20,105	10,768	83,284	99,041	106,083
Transfers	54,053	61,533	47,328	15,271	(3,754)	(5,956)	(13,163)	(31,626)	(31,330)	(40,486)
Total Governmental Activities	\$ 4,633,340	4,605,078	4,456,150	4,611,388	4,410,005	4,452,648	4,299,405	4,300,159	4,476,019	4,517,969
Business-Type Activities:										
Investment Earnings	\$ 4	4	4	4	9	9	15	36	53	160
Transfers	(54,053)	(61,533)	(47,328)	(15,271)	3,754	5,956	13,163	31,626	31,330	40,486
Total Business-Type Activities	(54,049)	(61,529)	(47,324)	(15,267)	3,763	5,965	13,178	31,662	31,383	40,646
Total District-Wide	\$ 4,579,291	4,543,549	4,408,826	4,596,121	4,413,768	4,458,613	4,312,583	4,331,821	4,507,402	4,558,615
Change in Net Position:										
Governmental Activities	\$ 233,598	61,641	(47,547)	53,590	(137,698)	(17,445)	(81,825)	(213,524)	(30,973)	(34,215)
Business-Type Activities	332	(119)	(901)	(930)	2,908	(14,325)	(86,893)	20,737	78,092	(2,426)
Total District	\$ 233,930	61,522	(48,448)	52,660	(134,790)	(31,770)	(168,718)	(192,787)	47,119	(36,641)

**GIBBSBORO BOROUGH BOARD OF EDUCATION
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TENNINE FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Restricted	\$ 643,639	401,923	280,891	279,825	324,619	389,516	352,962	440,059	591,037	450,248
Assigned	29,711	1,392	1,183	1,218	1,566	1,740	-	-	-	-
Unrestricted	112,689	113,386	113,386	113,703	122,742	117,009	126,848	103,430	105,728	178,790
Total General Fund	\$ 786,039	516,701	395,460	394,746	448,927	508,265	479,810	543,489	696,765	629,038
All Other Governmental Funds										
Assigned	\$ -	-	-	-	1	27,903	1	-	-	-
Unrestricted, Reported in:										
Debt Service Fund	-	-	-	-	-	-	-	1	1	1
Total All Other Governmental Funds	\$ -	-	-	-	1	27,903	1	1	1	1

GIBBSBORO BOROUGH BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Tax Levy	\$3,060,395	3,007,718	2,936,002	2,804,733	2,725,301	2,714,952	2,719,552	2,719,037	2,718,292	2,581,006
Tuition From Individuals	43,713	54,108	57,085	50,563	-	-	-	23,346	39,580	46,980
Tuition From Other LEAs Within the Sta	43,750	60,955	-	-	-	-	-	-	-	-
Miscellaneous	13,942	8,665	4,162	2,407	1,723	20,105	10,768	59,938	59,461	59,103
State Sources	1,923,790	1,858,240	1,786,821	1,738,414	1,686,735	1,686,859	1,577,619	1,361,921	1,690,016	1,879,162
Federal Sources	107,757	112,889	98,108	92,482	91,440	145,888	113,908	308,530	102,089	121,790
Total Revenue	5,193,347	5,102,575	4,882,178	4,688,599	4,505,199	4,567,804	4,421,847	4,472,772	4,609,438	4,688,041
Expenditures:										
Instruction:										
Regular Instruction	1,687,676	1,728,217	1,630,988	1,627,882	1,489,039	1,582,455	1,428,015	1,635,384	1,603,946	1,656,605
Special Education Instruction	397,133	374,019	376,557	310,257	349,707	335,939	372,793	461,860	410,513	411,735
Other Instruction	84,095	81,515	80,461	81,287	83,563	82,117	75,009	96,889	92,730	75,061
Support Services:										
Attendance/Social Work	8,328	7,941	7,563	7,370	7,212	7,036	6,763	6,506	6,202	5,912
Health Services	79,616	76,856	76,285	73,597	71,917	68,901	67,029	67,902	61,960	58,499
Student & Instruction Related Services	392,875	409,864	393,437	403,823	378,830	357,287	358,105	321,810	306,012	302,175
Educational Media/Library	3,256	4,491	6,489	1,112	36,572	42,019	42,280	40,378	41,711	52,969
Instructional Staff Training	858	226	1,080	273	5,107	4,330	7,240	5,215	3,049	4,300
General & Administration Services	125,983	134,095	144,522	129,304	133,874	130,929	132,210	140,354	126,133	133,190
School Administrative Services	50,420	51,133	51,260	60,886	59,906	58,270	54,912	32,844	40,867	63,505
Central Services	99,935	88,888	89,803	84,146	80,694	79,656	77,088	62,772	59,764	63,457
Administrative Information Technology	-	-	-	1,489	1,453	1,410	2,280	2,568	6,450	3,218
Plant Operations & Maintenance	324,667	275,220	339,815	301,285	314,006	298,107	416,842	334,881	452,919	388,438
Pupil Transportation	53,248	54,856	71,156	101,858	78,900	70,373	72,022	86,553	68,926	67,416
Unallocated Benefits	1,405,098	1,496,178	1,402,158	1,318,515	1,289,024	1,158,627	1,080,363	1,049,724	988,168	1,085,650
Capital Outlay	38,999	30,593	30,593	30,593	19,840	21,146	40,021	9,906	2,900	20,737
Debt Service:										
Principal	145,000	145,000	140,000	135,000	130,000	100,000	100,000	95,000	90,000	45,000
Interest & Other Charges	80,875	83,775	86,625	89,375	93,442	106,889	139,391	143,876	148,131	151,236
Total Expenditures	4,978,062	5,042,867	4,928,792	4,758,052	4,623,086	4,505,491	4,472,363	4,594,422	4,510,381	4,589,103
Excess (Deficiency) of Revenues Over/(Under) Expenditures	215,285	59,708	(46,614)	(69,453)	(117,887)	62,313	(50,516)	(121,650)	99,057	98,938
Other Financing Sources/(Uses):										
Transfers In/(Out)	54,053	61,533	47,328	15,271	(3,754)	(5,956)	(13,163)	(31,626)	(31,330)	(40,486)
Total Other Financing Sources/(Uses)	54,053	61,533	47,328	15,271	(3,754)	(5,956)	(13,163)	(31,626)	(31,330)	(40,486)
Net Change in Fund Balances	\$ 269,338	121,241	714	(54,182)	(121,641)	56,357	(63,679)	(153,276)	67,727	58,452
Debt Service as a Percentage of Noncapital Expenditures	4.8%	4.8%	4.8%	5.0%	5.1%	4.8%	5.7%	5.5%	5.6%	4.5%

Source: District records

GIBBSBORO SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	MISCELLANEOUS	TOTAL
2016	\$ 1,226	12,716	\$ 13,942
2015	911	7,754	8,665
2014	867	3,295	4,162
2013	865	1,542	2,407
2012	1,723	-	1,723
2011	2,588	3,308	5,896
2010	3,501	7,267	10,768
2009	12,431	47,507	59,938
2008	16,612	42,849	59,461
2007	35,396	23,707	59,103

Source: District records

**GIBBSBORO SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUN 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2017	\$ 5,796,600	\$ 124,630,800	\$ -	\$ 16,600	\$ 27,918,700	\$ 4,848,800	\$ 192,700	\$ 163,404,200	\$ -	\$ 163,404,200	2.648	N/A
2016	5,823,900	124,776,500	-	16,600	27,686,400	4,848,800	192,700	163,344,900	-	163,344,900	2.624	N/A
2015	5,817,700	126,048,100	-	16,600	26,530,100	5,088,700	192,700	163,693,900	-	163,693,900	2.522	N/A
2014	5,467,400	126,125,000	-	16,600	26,847,000	9,172,000	192,700	167,820,700	-	167,820,700	2.403	N/A
2013	5,658,700	126,312,000	-	16,600	27,171,200	9,172,000	192,700	168,523,200	414,838	168,938,038	2.311	N/A
2012	5,627,800	128,261,300	187,000	21,600	26,635,900	9,172,000	192,700	170,098,300	465,822	170,564,122	2.328	240,468,239
2011	5,703,800	130,345,800	169,400	22,700	27,451,000	11,193,700	192,700	175,079,100	530,041	175,609,141	2.330	272,399,384
2010	5,809,600	129,622,000	169,400	24,700	28,742,300	11,193,700	225,000	175,786,700	530,041	176,316,741	2.305	272,933,036
2009	7,201,100	129,842,200	169,400	24,700	29,680,200	12,251,300	225,000	179,393,900	530,140	179,924,040	2.274	N/A
2008	8,599,900	129,686,100	169,400	24,700	28,951,900	12,284,600	225,000	179,941,600	493,640	180,435,240	2.289	280,645,283

Source: Local Tax Assessor and County Board of Taxation

N/A - Not Available

GIBBSBORO SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

FISCAL YEAR ENDED JUN 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	TOWNSHIP	ALL	
				OF GIBBSBORO	CAMDEN COUNTY	
2017	1.874	0.774	2.648	N/A	N/A	5.059
2016	1.857	0.767	2.624	1.197	1.211	5.032
2015	1.816	0.706	2.522	1.165	1.180	4.867
2014	1.711	0.692	2.403	1.121	1.199	4.723
2013	1.646	0.665	2.311	1.074	1.110	4.495
2012	1.583	0.745	2.328	1.027	1.094	4.449
2011	1.547	0.783	2.330	0.973	1.097	4.400
2010	1.543	0.762	2.305	0.928	1.016	4.049
2009	1.511	0.763	2.274	0.809	0.966	4.099
2008	1.481	0.808	2.289	0.796	1.014	3.900

Source: Municipal Tax Collector

N/A - Not available at time of audit

**GIBBSBORO SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2017		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Brandywine/Operat Part	\$ 7,750,100	1	4.74%
4 S. Lakeview Dr., LLC	2,723,200	2	1.67%
Tahmed LLC	2,100,000	3	1.29%
59-63 N. Lakeview R. LLC	1,819,300	4	1.11%
Eureka Stone Quarry, Inc.	1,426,800	5	0.87%
DC Gibbs c/o CVS	1,250,000	6	0.76%
Square Circle Sportsmen	1,185,700	7	0.73%
Parisi Enterprises, LLC	1,140,000	8	0.70%
Clementon LLC	893,400	9	0.55%
Tri-Boro Sand & Stone, Inc.	844,000	10	0.52%
Total	\$ 21,132,500		12.93%

TAXPAYER	2008		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Brandywine Realty	\$ 11,105,200	1	6.16%
Eureka Stone Quarry	2,418,700	2	1.34%
J&W Paint Works	2,291,600	3	1.27%
Brandywine/Operat Part L. Minnici	2,229,000	4	1.24%
CIT Lending	2,100,000	5	1.16%
Platzer, Robert	1,700,000	6	0.94%
Parisi c/o Feinberg & McBurney	1,375,000	7	0.76%
DG Gibbs, LLC	1,361,000	8	0.75%
Square Citch Sportsman	1,246,000	9	0.69%
Brandywine Oper/Att: L. Minnici	997,200	10	0.55%
Total	\$ 26,823,700		14.86%

Source: Municipal Tax Assessor

**GIBBSBORO SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2017	\$ 3,060,395	\$ 3,060,395	100.00%	-
2016	3,007,718	3,007,718	100.00%	-
2015	2,936,002	2,936,002	100.00%	-
2014	2,936,002	2,936,002	100.00%	-
2013	2,725,301	2,725,301	100.00%	-
2012	2,714,952	2,714,952	100.00%	-
2011	2,719,552	2,719,552	100.00%	-
2010	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A

Source: Municipal audit report

**GIBBSBORO SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	BOND ANTICIPATION NOTES (BANs)			
2017	\$ 2,165,000	-	\$ 2,165,000	N/A	N/A
2016	2,310,000	-	2,310,000	N/A	1,028
2015	2,455,000	-	2,455,000	2.28%	1,094
2014	2,595,000	-	2,595,000	2.47%	1,156
2013	2,730,000	-	2,730,000	2.69%	1,212
2012	2,860,000	-	2,860,000	2.82%	1,264
2011	2,839,000	-	2,839,000	2.84%	1,253
2010	2,939,000	-	2,939,000	3.08%	1,295
2009	3,034,000	-	3,034,000	3.00%	1,248
2008	3,124,000	-	3,124,000	3.10%	1,281

**GIBBSBORO SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	\$ 2,165,000	-	\$ 2,165,000	1.32%	N/A
2016	2,310,000	-	2,310,000	1.41%	N/A
2015	2,455,000	-	2,455,000	1.50%	N/A
2014	2,595,000	-	2,595,000	1.55%	1,094
2013	2,730,000	-	2,730,000	1.62%	1,156
2012	2,860,000	-	2,860,000	1.68%	1,212
2011	2,839,000	-	2,839,000	1.62%	1,264
2010	2,939,000	-	3,034,000	1.72%	1,253
2009	3,034,000	-	3,124,000	1.74%	1,295
2008	3,124,000	-	3,169,000	1.76%	1,248

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Gibbsboro Borough	\$ 4,231,986	100.00%	\$ 4,231,986
Eastern Regional School District	1,795,000	4.94%	88,757
Local School District	2,165,000	100.00%	2,165,000
Camden County	376,137,881	0.60%	2,242,946
Total Overlapping Debt			<u>\$ 8,728,690</u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation.

**GIBBSBORO SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$6,615,159	6,838,383	6,866,255	7,073,772	7,418,523	7,941,387	8,270,055	8,473,754	8,413,162	7,955,579
Total Net Debt Applicable to Limit	2,165,000	2,310,000	2,455,000	2,595,000	2,730,000	2,860,000	2,839,000	2,939,000	3,034,000	3,124,000
Legal Debt Margin	4,450,159	4,528,383	4,551,255	4,478,772	4,688,523	5,081,387	5,431,055	5,534,754	5,379,162	4,831,579
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	32.73%	33.78%	35.75%	36.68%	36.80%	36.01%	34.33%	34.68%	36.06%	39.27%

Legal Debt Margin Calculation for Fiscal Year 2016

Average Equalized Valuation of Taxable Property	
Debt Limit (3 % of Average Equalization Value) Net Bonded School Debt	
Legal Debt Margin	\$ 4,450,159
Equalized Valuation Basis	
2016	\$ 212,356,864
2015	223,076,996
2014	226,082,042
	<u>\$ 661,515,902</u>
	\$ 220,505,301
	6,615,159
	<u>2,165,000</u>

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

**GIBBSBORO SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME(b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2016	2,248	N/A	N/A	4.4%
2015	2,244	107,900,496	48,084	5.8%
2014	2,245	105,259,070	46,886	7.4%
2013	2,252	101,513,404	45,077	5.3%
2012	2,263	101,251,146	44,742	8.1%
2011	2,265	99,920,475	44,115	8.0%
2010	2,269	95,288,924	41,996	10.0%
2009	2,432	101,270,912	41,641	8.2%
2008	2,438	100,867,374	41,373	4.9%
2007	2,445	97,814,670	40,006	3.7%

Source:

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

^b Personal income is estimated - population times estimated per capita personal income.

^c Per Capita Per County from US Bureau of Economic Analysis

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

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

NOT AVAILABLE

**GIBBSBORO SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	21.9	22.9	24.2	21.5	20.0	20.0	19.0	22.0	22.0	20.0
Special Education	4.5	4.5	5.2	4.3	5.0	5.0	5.0	7.0	7.0	7.0
Other Special Education	9.6	8.2	7.6	8.0	6.0	6.0	6.0	6.0	6.0	2.0
Support Services:										
Student & Instruction Related Services	3.0	2.2	4.0	4.0	2.0	2.0	2.0	2.0	2.0	1.0
School Administrative Services	1.0	2.8	1.5	1.4	1.5	1.5	1.5	1.0	1.0	1.0
General & Business Administrative Services	4.3	4.0	4.3	4.3	2.5	2.5	2.5	2.5	2.5	2.5
Plant Operations & Maintenance	3.7	2.2	3.9	3.9	3.0	3.0	3.0	3.0	3.0	3.0
Total	48.0	46.8	50.7	47.4	40.0	40.0	39.0	43.5	43.5	36.5

Source: District Personnel Records

**GIBBSBORO SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE		% CHANGE IN AVERAGE DAILY ENROLLMENT	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
							DAILY ENROLLMENT (ADE) (c)	DAILY ATTENDANCE (ADA) (c)				
2017	256	\$ 4,713,188	18,411	-1.85%	28	9.143	256.7	245.7	0.12%	245.7	0.12%	95.71%
2016	255	4,783,499	18,759	10.22%	33	7.727	256.4	244.9	-6.05%	244.9	-6.05%	95.51%
2015	273	4,646,493	17,020	5.07%	31	8.806	272.9	260.9	-1.48%	260.9	-1.48%	95.60%
2014	278	4,503,084	16,198	0.97%	32	8.688	277.0	266.0	3.75%	266.0	3.75%	96.03%
2013	273	4,379,804	16,043	-2.37%	28	8.537	267.0	255.0	7.66%	255.0	7.66%	95.51%
2012	248	4,075,506	16,433	-2.80%	30	8.857	248.0	241.0	-0.88%	241.0	-0.88%	97.18%
2011	248	4,192,951	16,907	1.56%	34	8.267	250.2	237.3	-0.24%	237.3	-0.24%	94.84%
2010	253	4,211,820	16,648	2.16%	38	7.441	250.8	240.2	-2.49%	240.2	-2.49%	95.77%
2009	262	4,269,350	16,295	-0.49%	37	7.280	257.2	246.4	-2.58%	246.4	-2.58%	95.80%
2008	267	4,372,130	16,375	8.18%	37	7.320	264.0	253.0	-8.65%	253.0	-8.65%	95.83%

Sources: District records

- a. Operating expenditures equal total expenditures less debt service and capital outlay.
- b. Teaching staff includes only full-time equivalents of certificated staff.
- c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**GIBBSBORO SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary Schools:										
Elementary School:										
Square Feet	52,777	52,777	52,777	52,777	52,777	52,777	52,777	52,777	52,777	52,777
Capacity (Students)	301	301	301	301	301	301	301	301	301	301
Enrollment	256	255	273	278	273	248	253	253	260	267

Number of Schools at June 30, 2017:

Elementary = 1

Source: District Facilities Office

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

**GIBBSBORO SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

	ELEMENTARY SCHOOL
2017	\$ 53,883
2016	22,428
2015	73,828
2014	23,242
2013	24,999
2012	29,606
2011	72,152
2010	60,580
2009	101,710
2008	97,349

Source: District records

INSURANCE SCHEDULE

	COVERAGE	DEDUCTIBLE
School Package Policy - School Boards:		
Property - Blank Building & Contents	\$ 450,000,000	\$ 1,000
Comprehensive General Liability	11,000,000	1,000
Comprehensive Automobile Liability	11,000,000	
Umbrella Liability - School Boards:		
Umbrella Policy	11,000,000	
School Board Legal Liability:		
Directors and Officers Policy	1,000,000	5,000
NJ School Board:		
Worker's Compensation - Professional	2,308,399	
- Nonprofessional	94,446	

Source: District records.

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SINGLE AUDIT SECTION

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EXHIBIT K-1

INDEPENDENT AUDITOR'S 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

Honorable President and Members
of the Board of Education
Gibbsboro School District
County of Camden
Gibbsboro, New Jersey 08026

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Gibbsboro School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Gibbsboro School District's basic financial statements, and have issued our report thereon dated September 6, 2017.

Internal Control Over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Gibbsboro School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
September 6, 2017



HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
www.hfacpas.com

EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB
CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Gibbsboro School District
County of Camden
Gibbsboro, New Jersey 08026

Report on Compliance for Each Major State Program

We have audited the Gibbsboro School District’s compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2017. The Gibbsboro School District’s major 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Gibbsboro School District’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and New Jersey OMB’s Circular 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 state program occurred. An audit includes examining, on a test basis, evidence about the School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Gibbsboro School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Gibbsboro School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 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 School District's internal control over compliance.

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

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

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 New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
September 6, 2017

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**GIBBSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL IDENTIFICATION NUMBER	FEDERAL AWARD NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2017
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:											
Child Nutrition Cluster:											
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-026	100-010-3350-026	7/1/16-6/30/17	\$ 24,324	\$ -	\$ 22,687	\$ (24,324)	\$ -	\$ (1,637)
National School Lunch Program	10.555	16161NJ304N1099	100-010-3350-026	100-010-3350-026	7/1/15-6/30/16	22,688	(1,373)	1,373	-	-	-
Healthy Hunger-Free Kids Act	10.555	171NJ304N1099	100-010-3350-026	100-010-3350-026	7/1/16-6/30/17	869	-	809	(869)	-	(60)
Total Child Nutrition Cluster:							(1,373)	24,869	(25,193)	-	(1,697)
Total U.S. Department of Agriculture							(1,373)	24,869	(25,193)	-	(1,697)

**U.S. DEPARTMENT OF EDUCATION PASSED-
THROUGH STATE DEPARTMENT OF EDUCATION:**

Title I, Part A	84.010	S010A160030	100-034-5064-194	100-034-5064-194	7/1/16-6/30/17	24,350	-	24,350	(24,350)	-	-
Title IIA	84.367	S367A160029	100-034-5063-290	100-034-5063-290	7/1/16-6/30/17	7,315	-	7,315	(7,315)	-	-
Special Education Cluster:											
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	100-034-5065-016	100-034-5065-016	7/1/16-6/30/17	71,846	-	71,846	(71,846)	-	-
I.D.E.A. Preschool	84.173A	HI73A160114	100-034-5065-020	100-034-5065-020	7/1/16-6/30/17	4,246	-	4,246	(4,246)	-	-
Total Special Education Cluster:							-	76,092	(76,092)	-	-
Total U.S. Department of Education							-	107,757	(107,757)	-	-
Total Federal Financial Assistance							\$ (1,373)	\$ 132,626	\$ (132,950)	\$ -	\$ (1,697)

The Accompanying Notes to Schedule of Expenditures of Awards and Financial Assistance are an Integral Part of this schedule

GIBBSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2017	MEMO	
									BUDGETARY EXPENDITURES	BUDGETARY RECEIVABLE
State Department of Education:										
General Fund:										
State Aid Public:										
Equality Aid	17-495-034-5120-078	\$ 857,242	7/1/16-6/30/17	\$ -	\$ 857,242	\$ (857,242)	\$ -	\$ -	\$ 83,868	\$ 857,242
Security Aid	17-495-034-5120-084	19,851	7/1/16-6/30/17	-	19,851	(19,851)	-	-	1,942	19,851
Adjustment Aid	17-495-034-5120-085	374,002	7/1/16-6/30/17	-	374,002	(374,002)	-	-	36,591	374,002
Special Education Categorical Aid	17-495-034-5120-089	136,463	7/1/16-6/30/17	-	136,463	(136,463)	-	-	13,351	136,463
Per Pupil Growth Aid	17-495-034-5120-097	2,630	7/1/16-6/30/17	-	2,630	(2,630)	-	-	257	2,630
PARCC Readiness Aid	17-495-034-5120-098	2,630	7/1/16-6/30/17	-	2,630	(2,630)	-	-	257	2,630
Professional Learning Community Aid	17-495-034-5120-101	2,310	7/1/16-6/30/17	-	2,310	(2,310)	-	-	226	2,310
Total State Aid Public				-	1,395,128	(1,395,128)	-	-	136,492	1,395,128
Transportation Aid	17-495-034-5120-014	20,818	7/1/16-6/30/17	-	20,818	(20,818)	-	-	2,037	20,818
Additional Nonpublic School Transportation Aid	17-495-034-5120-014	1,218	7/1/16-6/30/17	-	-	(1,218)	-	(1,218)	-	1,218
Additional Nonpublic School Transportation Aid	16-495-034-5120-014	1,392	7/1/15-6/30/16	(1,392)	1,392	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	138,248	7/1/16-6/30/17	-	138,248	(138,248)	-	-	-	138,248
On-Behalf TPAF Pension Contributions (Noncash Assistance)	17-495-034-5094-001	200,769	7/1/16-6/30/17	-	200,769	(200,769)	-	-	-	200,769
On-Behalf TPAF Post-Retirement Medical Contributions (Noncash Assistance)	17-495-034-5094-002	167,286	7/1/16-6/30/17	-	167,286	(167,286)	-	-	-	167,286
On-Behalf TPAF Long-Term Disability Insurance Contributions (Noncash Assistance)	17-495-034-5120-004	846	7/1/16-6/30/17	-	846	(846)	-	-	-	846
Total State Department of Education				(1,392)	1,924,487	(1,924,313)	-	(1,218)	138,529	1,924,313
New Jersey Department of Agriculture:										
Enterprise Fund:										
National School Lunch Program (State Share)	17-100-010-3350-023	687	7/1/16-6/30/17	-	640	(687)	-	(47)	-	687
National School Lunch Program (State Share)	16-100-010-3350-023	693	7/1/15-6/30/16	(39)	39	-	-	-	-	-
Total New Jersey Department of Agriculture				(39)	679	(687)	-	(47)	-	687
Total State Financial Assistance				\$ (1,431)	\$ 1,925,166	\$ (1,925,000)	\$ -	\$ (1,265)	\$ 138,529	\$ 1,925,000
State Financial Assistance Programs not subject to Calculation for Major Program Determination:										
On-Behalf TPAF Pension Contributions	17-495-034-5094-001	\$ 200,769								
On-Behalf TPAF Post-Retirement Medical Contributions	17-495-034-5094-002	167,286								
On-Behalf TPAF Long-Term Disability Insurance Contributions	17-495-034-5120-004	846								
Total State Financial Assistance Subject to Major Program Determination										\$ (1,556,099)

The Accompanying Notes to Schedule of Expenditures of Financial Assistance are an Integral Part of this schedule.

**GIBBSBORO SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Gibbsboro School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *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*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

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 School District for the year ended June 30, 2017. 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, 2017.

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.

**GIBBSBORO SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

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:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(523) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,923,790	\$ 1,923,790
Special Revenue Fund	107,757	-	107,757
Food Service Fund	<u>25,193</u>	<u>687</u>	<u>25,880</u>
Total Awards & Financial Assistance	<u>\$ 132,950</u>	<u>\$ 1,924,477</u>	<u>\$ 2,057,427</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

The Gibbsboro School District had no loan balances outstanding at June 30, 2017.

**GIBBSBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

State Financial Assistance

Dollar threshold used to determine Type A 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 deficiency(ies) identified? yes X no

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 New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	State Aid Public:
495-034-5120-084	Equalization Aid
495-034-5120-085	Security Aid
495-034-5120-089	Adjustment Aid
495-034-5120-097	Special Education Categorical Aid
495-034-5120-098	Per Pupil Growth Aid
495-034-5120-101	PARCC Readiness Aid
	Professional Learning Community Aid

**GIBBSBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

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

None.

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

N/A – Federal single audit not required.

STATE FINANCIAL ASSISTANCE

None.

**GIBBSBORO SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.