

**PENNSVILLE TOWNSHIP
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2017

Prepared by
Pennsville Township Board of Education
Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF PENNSVILLE SCHOOL DISTRICT
TABLE OF CONTENTS**

INTRODUCTORY SECTION

<u>Exhibit</u>	<u>Page</u>
Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	9-11
Required Supplementary Information – Part I Management's Discussion and Analysis (Unaudited)	12-21

Basic Financial Statements

A. District-wide Financial Statements:

A-1 Statement of Net Position	22
A-2 Statement of Activities	23

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26

Proprietary Funds:

B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	31

Notes to the Financial Statements	32-63
--	-------

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules (Unaudited):

C-1 Budgetary Comparison Schedule – General Fund	64-69
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	70

Notes to the Required Supplementary Information –Part II

C-3 Budget-to-GAAP Reconciliation	71
-----------------------------------	----

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF PENNSVILLE SCHOOL DISTRICT
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information – Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	72
L-2 Schedule of District Contributions – PERS	73
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability – TPAF	74
L-4 Schedule of District Contributions – TPAF	75
Notes to the Required Supplementary Information – Part III	76
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	77-79
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	80
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	81
F-2a-n Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	82-95
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	96
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	97
G-3 Combining Schedule of Cash Flows	98

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF PENNSVILLE SCHOOL DISTRICT
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

<u>Exhibit</u>		<u>Page</u>
Other Supplementary Information (Continued)		
Internal Service Fund:		
G-4	Combining Schedule of Net Position	99
G-5	Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	100
G-6	Combining Schedule of Cash Flows	101
H. Fiduciary Funds:		
H-1	Combining Statement of Fiduciary Net Position	102
H-2	Combining Statement of Changes in Fiduciary Net Position	103
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	104
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	105
I. Long-Term Debt:		
I-1	Schedule of Serial Bonds	106
I-2	Schedule of Obligations under Capital Leases	107
I-3	Debt Service Fund Budgetary Comparison Schedule	108

STATISTICAL SECTION (Unaudited)

Financial Trends Information/Schedules

J-1	Net Position by Component	109
J-2	Changes in Net Position	110
J-3	Fund Balances – Governmental Funds	111
J-4	Changes in Fund Balance, Governmental Funds	112
J-5	General Fund Other Local Revenue by Source	113

Revenue Capacity Information

J-6	Assessed Value and Estimated Actual Value of Taxable Property	114
J-7	Direct and Overlapping Property Tax Rates	115
J-8	Principal Property Taxpayers	116
J-9	Property Tax Levies and Collections	117

Debt Capacity Information

J-10	Ratios of Outstanding Debt by Type	118
J-11	Ratios of General Bonded Debt Outstanding	119
J-12	Direct and Overlapping Governmental Activities Debt	120
J-13	Legal Debt Margin Information	121

Demographic and Economic Information

J-14	Demographic and Economic Statistics	122
J-15	Principal Employers	123

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	124
J-17	Operating Statistics	125
J-18	School Building Information	126
J-19	Schedule of Required Maintenance Expenditures by School Facility	127
J-20	Insurance Schedule	128

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF PENNSVILLE SCHOOL DISTRICT
TABLE OF CONTENTS
FINANCIAL SECTION (Continued)**

Exhibit

Page

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	129-130
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance; and Report on Schedule of Expenditures Required by Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) And New Jersey OMB Circular 15-08	131-132
K-3	Schedule of Expenditures of Federal Awards - Schedule A	133
K-4	Schedule of Expenditures of State Financial Assistance - Schedule B	134
K-5	Notes to the Schedules of Awards and Financial Assistance	135-136
K-6	Schedule of Findings and Questioned Costs- Summary of Auditor's Results	137-138
K-7	Schedule of Findings and Questioned Costs - Financial Statement Federal Awards and State Financial Assistance	139-140
K-8	Summary Schedule of Prior Year Audit Findings	141

INTRODUCTORY SECTION



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

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

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

November 6, 2017

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

Dear Board Members:

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

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

1. REPORTING ENTITY AND ITS SERVICES:

Pennsville Township School District is an independent reporting entity within the criteria adopted by the GASB Statement No. 14. All funds and account groups of the District are included in this report. The Pennsville Township Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2016-2017 fiscal year with an enrollment of 1,787 students, which is a decrease from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	1,787	(.11%)
2015-16	1,789	(.05%)
2014-15	1,790	(3.56%)
2013-14	1,856	(2.92%)
2012-13	1,912	2.09%
2011-12	1,953	4.83%

2. MAJOR INITIATIVES:

Our focus in the Office of Curriculum and Instruction is on the importance of the cycle of teaching and learning and the impact on improved student outcomes. Improving student achievement is the driving force for changes made to curriculum and instruction.

Standards Based Grading at Central Park - We are beginning to journey to Standards Based Grading (SBG) which allows teachers to use ongoing formative assessments as a guide to inform classroom instruction. Students have the opportunity to practice their mastery of the standards without the penalty of earning a poor grade. This affords students the opportunity to learn from their mistakes. Ongoing assessment through SBG provides multiple methods to demonstrate content mastery. SBG communicates to the students and parents clearly and accurately student achievement around the standards. This transition will take place throughout the 17-18 school year with full implementation during the 18-19 school year.

Writing at PB - Writing is the penultimate skill. Effective writing skills are critical in all facets of life from preschool to future careers. Writing encourages students to convey complex ideas, analyze information in a clear, succinct fashion. We will be implementing research based strategies to increase writing across all content areas and expand our writing curriculum to involve students in a range of writing tasks.

1:1 Initiative at Pennsville Middle School - Many students' lives today are filled with technology that gives them ubiquitous access to information and resources, enabling them to pursue their interests in their own way and at their own pace. It is incumbent upon us to help facilitate their learning and provide meaningful ways to utilize technology available to them. Learning is being redefined as students will use their devices to accomplish tasks that otherwise would be extremely difficult.

2. MAJOR INITIATIVES Continued:

Title I/ESY Summer Bridge - This summer we will continue to prepare students for maximum success when they enter the 17-18 school year. The Summer Bridge program will offer engaging mathematics and reading instruction with an individualized focus. Lessons will infuse technology, hands on experiments, and projects based learning with the theme: "To Infinity and Beyond." The Extended School Year (ESY) will provide special education and related services to students with disabilities beyond the 180 day school year. ESY services are provided during the summer break to prevent loss of basic skills.

STEAM at Pennsville Memorial High School and MS - STEAM is an approach to learning that uses Science, Technology, Engineering, the Arts and Mathematics to engage with and inform student inquiry, dialogue, and critical thinking. STEAM encourages and fosters the 21st Century skills of communication, collaboration, problem solving, and creativity. We are planning to offer Engineering Design at the HS level and Design and Model at the Middle School.

3. INTERNAL ACCOUNTING CONTROLS:

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

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

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

4. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 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. These funds are explained in "Notes to the Financial Statements," Note 1.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

10. OTHER INFORMATION:

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

11. ACKNOWLEDGMENTS:

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

Respectfully submitted,

Dr. Michael Brodzik

Dr. Michael Brodzik
Superintendent of Schools

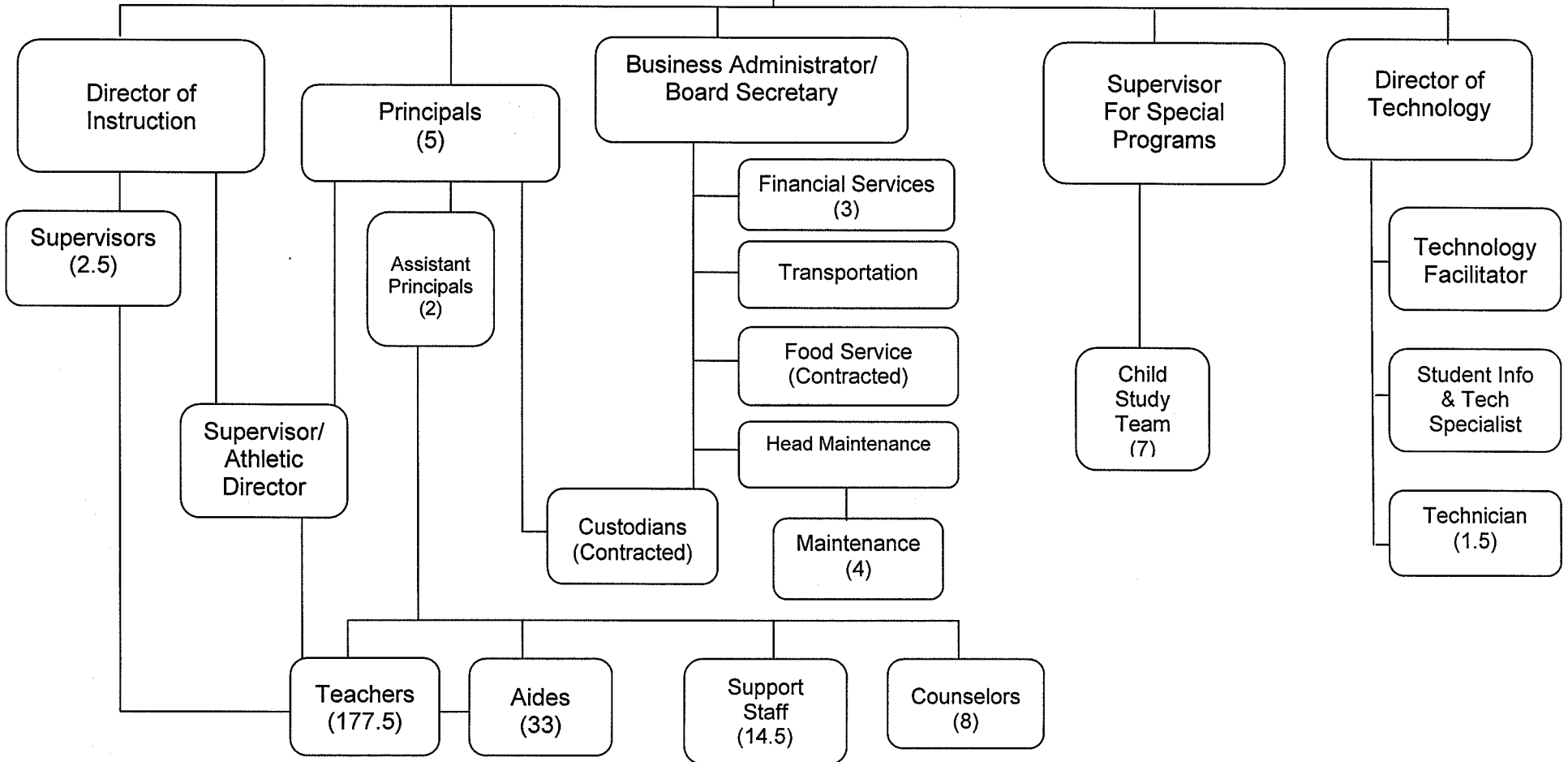
Richard Davidson

Richard Davidson
Board Secretary/
Business Administrator

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

BOARD OF EDUCATION

SUPERINTENDENT OF SCHOOLS



PENNSVILLE TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2017

<u>Board Members Name</u>	<u>Position</u>	<u>Term Expires</u>
Katherine Bodine	President	2019
Jack Nugent	Vice President	2018
Greg Acton		2017
Keith Chambers		2017
Jeffrey Thomas		2018
John Lang		2017
Nancy Phillips		2018
Thomas Hassler		2019
Diana Staffieri-Morris		2019

Other Officials

Michael Brodzik, Ed. D., Superintendent of Schools

Richard Davidson, Business Administrator/Board Secretary

John Willadsen, Treasurer of School Moneys

Mark Toscano, Solicitor

PENNSVILLE TOWNSHIP BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

ENGINEER

Remington & Vernick
232 Kings Highway
Haddonfield, New Jersey 08033

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORIES

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

INSURANCE AGENT

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

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association
Certified Public Accountants*

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

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Pennsville Township School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Pennsville Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pennsville Township School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations 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, and is also not a required part of the basic financial statements.

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

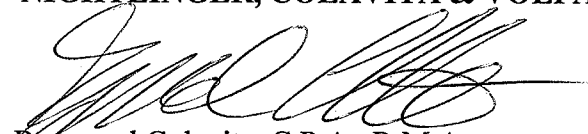
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

November 6, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR JUNE 30, 2017**

(UNAUDITED)

This section of the Pennsville Township School District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

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

Financial Highlights

Key financial highlights for the 2016-17 fiscal year include the following:

- Net position for governmental and business-type activities were (\$14,481) and \$13,862, respectively.
- Net position for governmental activities decreased by \$249,993 and net position for business-type activities decreased by \$6,249 from July 1, 2016 to June 30, 2017.
- The general fund, fund balance as of June 30, 2017 was \$1,146,317, an increase of \$314,929 when compared with the beginning balance as of July 1, 2016 of \$831,388.

Overview of the Financial Statements

The financial section of the annual report consists of four parts - Independent Auditor's Report, Required Supplementary Information which includes the Management's Discussion and Analysis (this section), the Basic Financial Statements, and Supplemental Information. The basic financial statements include two kinds of statements that present different views of the District.

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Table 1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis highlights the structure and contents of each of the statements.

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

	<u>District-Wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses; food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	Statement of net position	Balance sheet	Statement of net position	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures, and changes in fund balances	Statement of revenues, expenses, and changes in fund net position	Statement of changes in fiduciary net position
			Statement of cash flows	
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Assets/ Liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is a measure of the District's financial health or position.

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

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

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

- **Governmental funds** - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds** - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- **Fiduciary funds** - The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position - The District's net position for the fiscal years ended June 30, 2016 and 2017 is reflected in Table 2.

Table 2
Net Position

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets:						
Current and Other Assets	\$ 15,201,539	\$ 95,924	\$ 15,297,463	\$ 20,380,115	\$ 41,101	\$ 20,421,216
Capital Assets, net	29,463,015	17,994	29,481,009	8,991,112	20,111	9,011,223
Total Assets	44,664,554	113,918	44,778,472	29,371,227	61,212	29,432,439
Deferred Outflows of Resources	2,916,419		2,916,419	1,173,010		1,173,010
Liabilities:						
Current and Other Liabilities	10,179,823	100,056	10,279,879	7,227,753		7,227,753
Long Term Liabilities:						
Due Within One Year	1,912,798		1,912,798	332,610		332,610
Due in more than One Year	35,502,833		35,502,833	22,639,080		22,639,080
Total Liabilities	47,595,454	100,056	47,695,510	30,199,443		30,199,443
Deferred Inflows of Resources				109,282		109,282
Net Position						
Net Investment in Capital Assets	(6,650,564)	17,994	(6,632,570)	(12,697,942)	20,111	(12,677,831)
Restricted for:						
Capital Projects	13,170,754		13,170,754	18,954,570		18,954,570
Permanent Endowment:						
Nonexpendable	88,721		88,721	88,720		88,720
Other Purposes	1,139,172		1,139,172	538,797		538,797
Unrestricted (Deficit)	(7,762,564)	(4,132)	(7,766,696)	(6,648,633)		(6,648,633)
Total Net Position (Deficit)	\$ (14,481)	\$ 13,862	\$ (619)	\$ 235,512	\$ 20,111	\$ 255,623

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

- Program revenues were \$4,192,695 (operating grants and contributions - \$3,278,362 and charges for services \$914,333).
- General revenues, special items, extraordinary items, and transfers amounted to \$37,996,289.
- Net expenditures were \$38,252,531.
- Total District revenues and beginning position are adjusted by net adjusted expenditures resulting in a calculation of net position of \$(619) as of June 30, 2017.
- Total revenues of \$37,996,289 plus beginning net position of 255,623 less net expenditures \$38,252,531 equals net position of \$(619).

Change in Net Position

Net position for governmental type activities increased and business-type activities increased from June 30, 2016 to June 30, 2017 as reflected in Table 3.

Table 3
Changes in Net Position
2017

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Program Revenues:						
Charges for Services	\$ 598,423	\$ 315,910	\$ 914,333	\$ 604,953	\$ 328,832	\$ 933,785
Operating Grants and Contrib	2,949,400	328,962	3,278,362	2,927,861	318,978	3,246,839
General Revenues:						
Property Taxes	20,792,706		20,792,706	19,610,791		19,610,791
Grants and Entitlements	16,705,692		16,705,692	14,353,051		14,353,051
Other	497,891		497,891	501,208	8,212	509,420
Total Revenues	\$ 41,544,112	\$ 644,872	\$ 42,188,984	\$ 37,997,864	\$ 656,022	\$ 38,653,886
Program Expenses						
Instruction	\$ 12,868,261	\$	\$ 12,868,261	\$ 12,653,856	\$ -	\$ 12,653,856
Tuition	1,799,241		1,799,241	1,222,309		1,222,309
Student and Instruction						
Related Serv	3,554,227		3,554,227	3,295,108		3,295,108
General Administration	603,386		603,386	669,175		669,175
School Administrative Serv	1,278,644		1,278,644	1,255,280		1,255,280
Central Services	410,757		410,757	419,505		419,505
Admin Information Tech	201,139		201,139	244,064		244,064
Plant Operations and Maint	2,675,206		2,675,206	2,802,953		2,802,953
Pupil Transportation	1,545,620		1,545,620	1,396,072		1,396,072
Unallocated Benefits	15,956,422		15,956,422	12,221,353		12,221,353
Debt Service	801,841		801,841	217,154		217,154
Unallocated Depreciation	99,361		99,361	80,275		80,275
Enterprise Operation		651,121	651,121		675,221	675,221
Total Expenses	41,794,105	651,121	42,445,226	36,477,104	675,221	37,152,325
Increase/(Decrease) in Net Position	\$ (249,993)	\$ (6,249)	\$ (256,242)	\$ 1,520,760	\$ (19,199)	\$ 1,501,561

Total revenues for the District were \$42,188,984. Government funding was the source of 47.4% of the District's revenues. This includes the State of New Jersey and Federal sources.

Property taxes of \$20,792,706 provided 49.3% of revenues.

Other miscellaneous revenues of \$497,891 represent 1.2% of the District revenues. Miscellaneous revenue was primarily provided from interest, tuition, and transportation fees.

The District's expenses for governmental activities are predominantly related to instruction and support services. Instruction together with tuition totaled \$14,667,502 (35.1%) of total expenditures. Student support services including transportation, exclusive of administration, totaled \$5,099,847 (12.2%) of total expenditures. Other administrative services totaled \$2,493,926 (5.9%) of total expenditures. Total expenditures exceeded revenues for governmental activities, decreasing net position by \$256,242 from the beginning balance at July 1, 2016.

Activity Descriptions

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As the District completed the year, its governmental funds reported a combined fund balance of \$14,405,792, as compared to \$19,874,678 at June 30, 2016.

All governmental funds had total revenues of \$34,847,566 and total expenditures of \$55,041,452.

GENERAL FUND BUDGETING HIGHLIGHTS

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

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

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

Table 4
Comparison of Revenues

	2017	2016	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Local Sources				
Local Tax Levy	\$ 20,792,706	\$ 19,610,791	\$ 1,181,915	6.03%
Tuition	227,126	172,231	54,895	31.87%
Transportation	39,003	32,989	6,014	18.23%
Interest Earned	29,094	16,714	12,380	100.00%
Miscellaneous	202,668	300,924	(98,256)	-32.65%
Government Sources:				
State Sources	12,662,364	12,742,683	(80,319)	-0.63%
Federal Sources	894,605	794,024	100,581	12.67%
Total	\$ 34,847,566	\$ 33,670,356	\$ 1,177,210	3.50%

One of the primary sources of funding for the District is received from local property taxes and accounted for 59.7% of total revenues. State aid accounted for 36.3% of total revenues.

Total governmental fund revenues increased by \$1,177,210, or 3.5% from the previous year. The major components of this increase was the increase in the local tax levy of \$1,181,915 and federal aid of \$100,581.

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

Table 5
Comparison of Expenditures

	2017	2016	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Instruction				
Regular	\$ 8,818,051	\$ 8,455,906	\$ 362,145	4.28%
Special Education	2,504,837	2,705,519	(200,682)	-7.42%
Other Special Instruction	334,218	322,866	11,352	3.52%
Other Instruction	531,701	519,059	12,642	2.44%
Support Services:				
Tuition	1,799,241	1,222,309	576,932	47.20%
Student and Instruction Rel Serv	3,551,505	3,292,386	259,119	7.87%
General Administration	595,906	661,695	(65,789)	-9.94%
School Administration	1,278,644	1,255,280	23,364	1.86%
Central Services	410,757	419,505	(8,748)	-2.09%
Administrative Information Tech	201,139	244,064	(42,925)	-17.59%
Plant Operations and Maint	2,569,927	2,696,540	(126,613)	-4.70%
Pupil Transportation	1,545,620	1,396,072	149,548	10.71%
Employee Benefits	5,828,552	5,146,128	682,424	13.26%
TPAF and FICA Reimb	3,384,138	3,113,532	270,606	8.69%
Capital Outlay	21,118,034	4,337,500	16,780,534	386.87%
Debt Service - Interest	569,182		569,182	100.00%
Total	<u>\$ 55,041,452</u>	<u>\$ 35,788,361</u>	<u>\$ 19,253,091</u>	<u>53.80%</u>

Total governmental fund expenditures increased by \$19,253,091 or 53.8% from the previous year. This increase was primarily due to the increase of tuition, employee benefits, debt service interest expense and capital expenditures in the current year.

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

During the course of fiscal year 2017, the District modified the general fund budget as needed to ensure no line item was projected to be over-expended.

FOOD SERVICE ENTERPRISE FUND

The Food Service Fund had net position of \$13,862 as of June 30, 2017, which is made up of the investment in fixed assets of \$17,994, offset by an operating deficit of \$4,132. This reflects a net decrease of \$6,249.

INTERNAL SERVICE FUNDS

The Internal Services Fund had net position of \$342,841 as of June 30, 2017. This reflects an increase of \$15,923 from June 30, 2016.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

At the end of 2017, the District had capital assets allocated to governmental activities with a book value of \$29,463,015. This consists of a broad range of capital assets, including land, site and site improvements, and machinery and equipment. Total depreciation expense for the year was \$375,625.

Table 6 summarizes capital assets.

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land, Site and Site Improve	\$ 1,351,719	\$	\$ 1,351,719	\$ 1,455,315	\$	\$ 1,455,315
Building and Improvements	2,183,257		2,183,257	2,303,396		2,303,396
Machinery and Equipment	798,607	17,994	816,601	709,450	20,111	729,561
Construction in Progress	25,129,432		25,129,432	4,553,807		4,553,807
Total	\$ 29,463,015	\$ 17,994	\$ 29,481,009	\$ 9,021,968	\$ 20,111	\$ 9,042,079

Long-Term Obligations

At June 30, 2017, the District's outstanding debt was \$37,415,631 and included \$35,625,000 in Serial Bonds, \$1,300,895 in compensated absences and \$489,736 in capital leases.

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

Table 7 summarizes long-term obligations.

Table 7
Long-Term Obligations
As of June 30, 2017, and 2016

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Serial Bonds	\$ 35,625,000		\$ 35,625,000	\$ 20,900,000		\$ 20,900,000
Obligations Under Capital Lease	489,736		489,736	790,201		790,201
Compensated Absences	1,300,895		1,300,895	1,281,489		1,281,489
Total	\$ 37,415,631		\$ 37,415,631	\$ 22,971,690		\$ 22,971,690

For The Future

With the successful passage of the 2015 Bond Referendum, and subsequent construction that resulted from that approval by the Pennsville taxpayers, the district must focus on appropriately maintaining those newly renovated facilities to insure their longevity and effectiveness.

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 13,610,715	\$ 2,060	\$ 13,612,775
Receivables, Net	1,498,802	77,028	1,575,830
Interfund Receivable	92,022		92,022
Inventory		16,836	16,836
Depreciable Capital Assets, Net	29,463,015	17,994	29,481,009
	44,664,554	113,918	44,778,472
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	2,916,419		2,916,419
	2,916,419		2,916,419
LIABILITIES:			
Accounts Payable	390,004		390,004
Accrued Interest Payable	451,078		451,078
Payable to State Government	18,076		18,076
Interfund Payable		92,022	92,022
Net Pension Liability	9,275,839		9,275,839
Unearned Revenue	44,826	8,034	52,860
Noncurrent Liabilities (Note 7):			
Due Within One Year	1,912,798		1,912,798
Due Beyond One Year	35,502,833		35,502,833
	47,595,454	100,056	47,695,510
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows			
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	(6,650,564)	17,994	(6,632,570)
Restricted for:			
Permanent Endowment- Nonexpendable	88,721		88,721
Capital Projects	13,170,754		13,170,754
Other Purposes	1,139,172		1,139,172
Unrestricted (Deficit)	(7,762,564)	(4,132)	(7,766,696)
	(14,481)	13,862	(619)
Total Net Position (Deficit)	\$ (14,481)	\$ 13,862	\$ (619)

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

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

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 8,823,154		\$ 771,910	\$ (8,051,244)		\$ (8,051,244)
Special Education	2,505,567			(2,505,567)		(2,505,567)
Other Special Instruction	334,218	598,423		264,205		264,205
Other Instruction	1,205,322			(1,205,322)		(1,205,322)
Support Services:						
Tuition	1,799,241			(1,799,241)		(1,799,241)
Student & Instruction Related Services	3,554,227		81,706	(3,472,521)		(3,472,521)
General Administrative Services	603,386			(603,386)		(603,386)
School Administrative Services	1,278,644			(1,278,644)		(1,278,644)
Central Services	410,757			(410,757)		(410,757)
Administrative Information Technology	201,139			(201,139)		(201,139)
Plant Operations and Maintenance	2,675,206			(2,675,206)		(2,675,206)
Pupil Transportation	1,545,620			(1,545,620)		(1,545,620)
Employee Benefits	15,956,422		2,095,784	(13,860,638)		(13,860,638)
Interest on Long-Term Debt	801,841			(801,841)		(801,841)
Unallocated Depreciation	99,361			(99,361)		(99,361)
Total Governmental Activities	41,794,105	598,423	2,949,400	(38,246,282)		(38,246,282)
Business-Type Activities:						
Food Service	651,121	315,910	328,962		(6,249)	(6,249)
Total Business-Type Activities	651,121	315,910	328,962		(6,249)	(6,249)
Total Primary Government	\$ 42,445,226	\$ 914,333	\$ 3,278,362	(38,246,282)	(6,249)	(38,252,531)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				20,792,706		20,792,706
Federal and State Aid				16,705,692		16,705,692
Tuition				227,126		227,126
Transportation fees from Individuals				39,003		39,003
Investment Earnings				55,426		55,426
Miscellaneous Income				176,336		176,336
				37,996,289		37,996,289
Change in Net Position				(249,993)	(6,249)	(256,242)
Net Position (Deficit) — Beginning of Year				235,512	20,111	255,623
Net Position — End of Year				\$ (14,481)	\$ 13,862	\$ (619)

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Permanent Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 5,446	\$ 193,805	\$ 13,073,218	\$ 88,721	\$ 13,361,190
Interfund Accounts Receivable	1,280,909				1,280,909
State Aid Receivable	215,752		619,908		835,660
Other	3,503				3,503
Federal Receivable		438,185			438,185
Total Assets	\$ 1,505,610	\$ 631,990	\$ 13,693,126	\$ 88,721	\$ 15,919,447
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 314,467	\$ 75,537		\$	\$ 390,004
Due to Other Funds		538,377	522,372		1,060,749
Payable to State Government		18,076			18,076
Unearned Revenue	44,826				44,826
Total Liabilities	359,293	631,990	522,372		1,513,655
Fund Balances:					
Non-expendable:					
Permanent Fund Principal				88,721	88,721
Restricted:					
Capital Reserve	1,157				1,157
Capital Projects			1,228,527		1,228,527
Maintenance Reserve	100,000				100,000
Excess Surplus	600,375				600,375
Excess Surplus Designated For Subsequent Year's Expenditures	438,797				438,797
Committed - Capital Projects Fund			11,942,227		11,942,227
Assigned:					
Year-end Encumbrances	30,035				30,035
Designated for Subsequent Year's Expenditures	111,203				111,203
Unassigned (Deficit) - General Fund	(135,250)				(135,250)
Total Fund Balances	1,146,317		13,170,754	88,721	14,405,792
Total Liabilities and Fund Balances	\$ 1,505,610	\$ 631,990	\$ 13,693,126	\$ 88,721	

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 \$38,479,612 and the accumulated depreciation is \$9,016,597 (See Note 5).	29,463,015
Deferred Outflow of Resources - Deferred Pension Contribution.	2,916,419
Deferred Inflows of Resources - Pension Actuarial Gains.	
Long Term Net Pension Liability	(9,275,839)
Accrued interest is not payable within the current year and therefore, not reported in the funds.	(451,078)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 6).	(37,415,631)
Internal Service fund added in since the academic activities with other LEAs are governmental in nature	342,841
Net Position of governmental activities (Deficit)	\$ (14,481)

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES:						
Local Sources:						
Local Tax Levy	\$ 20,223,524	\$	\$	\$ 569,182	\$	\$ 20,792,706
Tuition Charges	227,126					227,126
Transportation Charges	39,003					39,003
Interest Earned	2,761		26,332		1	29,094
Miscellaneous	202,668					202,668
Total Local Sources	20,695,082		26,332	569,182	1	21,290,597
State Sources	12,520,008	75,547	66,809			12,662,364
Federal Sources	58,264	836,341				894,605
Total Revenues	33,273,354	911,888	93,141	569,182	1	34,847,566
EXPENDITURES:						
Instruction						
Regular Instruction	8,046,141	771,910				8,818,051
Special Education Instruction	2,504,837					2,504,837
Other Special Instruction	334,218					334,218
Other Instruction	531,701					531,701
Support Services and Undistributed Costs:						
Tuition	1,799,241					1,799,241
Student and Instruction Related Services	3,469,799	81,706				3,551,505
General Administrative Services	595,906					595,906
School Administrative Services	1,278,644					1,278,644
Central Services	410,757					410,757
Administrative Information Technology	201,139					201,139
Plant Operations and Maintenance	2,569,927					2,569,927
Pupil Transportation	1,545,620					1,545,620
Employee Benefits	9,154,418	58,272				9,212,690
Capital Outlay	542,409		20,575,625			21,118,034
Debt Service - Interest				569,182		569,182
Total Expenditures	32,984,757	911,888	20,575,625	569,182		55,041,452
Excess (Deficiency) of Revenues over Expenditures	288,597		(20,482,484)		1	(20,193,886)
OTHER FINANCING SOURCES (USES):						
Bond Proceeds			14,725,000			14,725,000
Interest in Capital Project Fund	26,332		(26,332)			
Total Other Financing Sources and Uses	26,332		14,698,668			14,725,000
Net Changes in Fund Balances	314,929		(5,783,816)		1	(5,468,886)
Fund Balance — Beginning of Year	831,388		18,954,570		88,720	19,874,678
Fund Balance — End of Year	\$ 1,146,317	\$	\$ 13,170,754	\$	88,721	\$ 14,405,792

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds \$ (5,468,886)

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

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

Depreciation Expense	\$ (342,652)	
Capital Outlays	20,814,555	
	20,471,903	20,471,903

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (626,203)

In the Statement of Activities, proceeds from Long-term Debt are not considered an other financing source of funds but as an increase in long-term liabilities in the Statement of Net Position. (14,725,000)

Repayment of Bond Principal or Capital Lease Principal is an Expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the Statement of Activities.

Capital Lease Principal		300,465
-------------------------	--	---------

In the Statement of Activities, interest on long-term debt is accrued, regardless of when it is due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (229,645)

Expenditures, net of charges, for services in the Statement of Activities that represent Internal Service Fund activity are not reported as expenditures in the Governmental Funds 46,779

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation. (19,406)

Change in Net Position of Governmental Activities		\$ (249,993)
--	--	---------------------

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

PROPRIETARY FUNDS

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Business-Type</u> <u>Activities</u>	<u>Governmental</u> <u>Activities</u>	<u>Totals</u>
	<u>Food</u> <u>Service</u>	<u>Internal</u> <u>Service Fund</u>	
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 2,060	\$ 249,525	\$ 251,585
Accounts Receivable	77,028	221,454	298,482
Inventories	16,836		16,836
Total Current Assets	<u>95,924</u>	<u>470,979</u>	<u>566,903</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	388,037	193,479	581,516
Less: Accumulated Depreciation	(370,043)	(193,479)	(563,522)
Total Noncurrent Assets	<u>17,994</u>		<u>17,994</u>
Total Assets	<u>113,918</u>	<u>470,979</u>	<u>584,897</u>
LIABILITIES :			
Current Liabilities:			
Due to General Fund	92,022	128,138	220,160
Unearned Revenue	8,034		8,034
Total Current Liabilities	<u>100,056</u>	<u>128,138</u>	<u>228,194</u>
NET POSITION:			
Net Investment in Capital Assets	17,994		17,994
Unrestricted (Deficit)	(4,132)	342,841	338,709
Total Net Position	<u>\$ 13,862</u>	<u>\$ 342,841</u>	<u>\$ 356,703</u>

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities-</u>	<u>Governmental Activities</u>	
	<u>Food Service</u>	<u>Internal Service Fund</u>	<u>Totals</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 173,724	\$	\$ 173,724
Daily Sales - Non-Reimbursable Programs	13,838		13,838
Special Functions	118,385		118,385
Program Fees	9,963	598,423	608,386
Total Operating Revenues	<u>315,910</u>	<u>598,423</u>	<u>914,333</u>
OPERATING EXPENSES:			
Salaries and Benefits	278,735	462,747	741,482
Supplies and Materials	31,739	7,465	39,204
Cost of Sales - Reimbursable Programs	271,473		271,473
Cost of Sales - Non Reimbursable Programs	50,600		50,600
Other Purchased Services		81,432	81,432
Depreciation	2,117	30,856	32,973
Miscellaneous	16,457		16,457
Total Operating Expenses	<u>651,121</u>	<u>582,500</u>	<u>1,233,621</u>
Operating Income (Loss)	<u>(335,211)</u>	<u>15,923</u>	<u>(319,288)</u>
NON-OPERATING REVENUES (EXPENSES):			
State Sources:			
State School Lunch Program	6,031		6,031
Federal Sources:			
National School Breakfast Program	39,092		39,092
National School Lunch Program	235,379		235,379
National School Snack Program	961		961
Food Distribution Program	47,499		47,499
Total Non-Operating Revenues (Expenses)	<u>328,962</u>		<u>328,962</u>
Change in Net Position	(6,249)	15,923	9,674
Other Financing Sources and Uses:			
Net Change in Position	(6,249)	15,923	9,674
Net Position — Beginning of Year	20,111	326,918	347,029
Net Position — Ending of Year	<u>\$ 13,862</u>	<u>\$ 342,841</u>	<u>\$ 356,703</u>

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities-	Governmental Activities	Total
	Food Service	Internal Service Fund	Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 315,910	\$ 598,423	\$ 914,333
Payments to Employees and Employee Benefits	(278,735)	(520,871)	(799,606)
Payments to Suppliers	(316,578)	(170,938)	(487,516)
Net Cash Provided by (used for) Operating Activities	(279,403)	(93,386)	(372,789)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
State Sources	6,031		6,031
Federal Sources	275,432		275,432
Transfer from General Fund			
Net Cash Provided by (used for) Non-Capital Financing Activities	281,463		281,463
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of Capital Assets			
Net Cash Provided by (Used for) Capital and Related Financing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	2,060	(93,386)	(91,326)
Balances — Beginning of Year		342,911	342,911
Balances — End of Year	\$ 2,060	\$ 249,525	\$ 251,585
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (335,211)	\$ 15,923	\$ (319,288)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Depreciation and Net Amortization	2,117	30,856	32,973
Food Distribution Program	47,499		47,499
(Increase) Decrease in Accounts Receivable	(63,623)	(78,441)	(142,064)
(Increase) Decrease in Inventories	10,860		10,860
Increase (Decrease) in Accounts Payable	64,950	(3,600)	61,350
Increase (Decrease) in Due to General		(58,124)	(58,124)
Increase (Decrease) in Unearned Revenue	(5,995)		(5,995)
Total Adjustments	55,808	(109,309)	(53,501)
Net Cash Provided by (used for) Operating Activities	\$ (279,403)	\$ (93,386)	\$ (372,789)

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

FIDUCIARY FUNDS

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

		<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:			
Cash and Cash Equivalents	\$ 47,510	\$ 205,893	\$ 237,080
Total Assets	<u>\$ 47,510</u>	<u>\$ 205,893</u>	<u>\$ 237,080</u>
LIABILITIES:			
Payroll Deductions and Withholdings			36,151
Accounts Payable	4,319		
Payable to Student Groups		205,893	
Flexible Spending Reserve			20,483
Summer Payment Salaries and Wages			180,446
Total Liabilities	<u>4,319</u>	<u>\$ 205,893</u>	<u>\$ 237,080</u>
NET POSITION:			
Held in Trust for:			
Unemployment Claims and Other Purposes	<u>\$ 43,191</u>		

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Unemployment Compensation	
	Trust	Total
OPERATING REVENUES:		
Deduction from Employees Salaries	\$ 39,899	\$ 39,899
Interest Earned	34	34
Total Operating Revenues	<u>39,933</u>	<u>39,933</u>
OPERATING EXPENSES:		
Quarterly Contributions Reports	30,553	30,553
Total Operating Expenses	<u>30,553</u>	<u>30,553</u>
Operating Income (Loss)	<u>9,380</u>	<u>9,380</u>
Net Position — Beginning of Year	<u>33,811</u>	<u>33,811</u>
Net Position — End of Year	<u>\$ 43,191</u>	<u>\$ 43,191</u>

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity/Component Units:

The Pennsville Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the District functions independently through a Board of Education. The Board is comprised of 9 members elected to three-year terms. The purpose of the District is to educate students in grades K-12. The District had an approximate enrollment at June 30, 2017 of 1,787 students.

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

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

B. Government-Wide and Fund Financial Statements:

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting:

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

Governmental Funds

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

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

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

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

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

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

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

Proprietary Funds

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

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

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

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

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

Food service fund:
Machinery and equipment - 15 years

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

Fiduciary Funds

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

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

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

D. Measurement Focus

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus (Continued)

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

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

E. Basis of Accounting

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

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

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Basis of Accounting (Continued)

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

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

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

F. Budgets/Budgetary Control

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgets/Budgetary Control (Continued)

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

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

G. Encumbrances

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

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

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

H. Cash, Cash Equivalents, and Investments

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

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

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

-38-
PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

I. Tuition Receivable

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

J. Tuition Receivable

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

K. Inventories

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

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

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

Inventory consists of donated food, purchased food and supplies. As of June 30, 2017, Inventory in the Food Service Enterprise Fund consisted of the following:

Purchased Food	\$ 4,715
Commodity Food	8,034
Supplies	<u>4,087</u>
Total	<u>\$ 16,836</u>

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Prepaid Expense

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

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

M. Short-Term Interfund Receivables/Payables

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

N. Capital Assets

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

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

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

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

O. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned, but undisbursed amounts be retained in a separate bank account. As of June 30, 2017, the amount earned by these employees, but not disbursed was \$180,446.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Compensated Absences

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

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

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

Q. Unearned Revenue

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

R. Accrued Liabilities and Long-Term Obligations

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

S. Net Position

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

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

-41-
PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

-42-
PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Fund Balance (Continued)

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

U. Operating and Non-Operating Revenues and Expenses

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

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

V. Interfund Activity

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

W. Use of Estimates

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

X. New Accounting Standards:

The District has adopted the following GASB statements:

- *GASB No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans:* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. The adoption of GASB 74, did not impact the financial statements of the School District.

-43-
PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

X. New Accounting Standards (Continued):

The District has adopted the following GASB statements:

- *GASB No. 81 - Irrevocable Split-Interest Agreements*: The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 81 on the School District's financial statements. The adoption of GASB 81, did not impact the financial statements of the School District.
- *GASB No. 82 - Pensions - an Amendment of GASB No. 67, No. 68 and No. 73*: The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The adoption of GASB 82, will impact the financial statements of the School District.

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

- *GASB No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.
- *GASB No. 83 - Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

X. New Accounting Standards (Continued):

- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- GASB No. 85 - *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 85 on the School District's financial statements.
- GASB No. 86 - *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 86 on the School District's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits- Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA.

As of June 30, 2017, the District's bank balance of \$19,771,835 was insured or collateralized as follows:

Insurance	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		19,521,835
Total	\$	<u>19,771,835</u>

As of June 30, 2017, cash and cash equivalents in the fund financial statements of the District consisted of the following:

		Cash and Equivalents
Checking accounts	\$	14,014,537
Savings accounts		<u>88,721</u>
Total	\$	<u>14,103,258</u>

NOTE 3 - CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education prior to 2001 and included in the capital outlay budget, which was certified for taxes and for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund its activity is included in the general fund annual budget.

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - CAPITAL RESERVE ACCOUNT (Continued)

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	\$	1,147
Interst Earnings - Budget		10
Ending Balance June 30, 2017	\$	<u>1,157</u>

The June 30, 2017 LRF balance of local support costs of uncompleted capital projects is \$83,672.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of the fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
State	\$ 215,752	\$	\$ 619,908	\$ 1,637	\$	\$ 837,297
Federal		438,185		75,391		513,576
Other	3,503				221,454	224,957
	<u>\$ 219,255</u>	<u>\$ 438,185</u>	<u>\$ 619,908</u>	<u>\$ 77,028</u>	<u>\$ 221,454</u>	<u>\$ 1,575,830</u>

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5- CAPITAL ASSETS

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

	Balance as of June 30, 2016	Additions	Disposals	Adjustments	Balance as of June 30, 2017
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in Progress	4,553,807	20,575,625			25,129,432
Total Capital Assets, not being Depreciated	4,553,807	20,575,625			25,129,432
Capital Assets, being Depreciated					
Site and Site Improvements	2,131,481	2,200			2,133,681
Buildings and Building Improvement	8,761,904				8,761,904
Machinery and Equipment	2,226,565	236,730	(8,700)		2,454,595
Total at Historical Cost	13,119,950	238,930	(8,700)		13,350,180
Less Accumulated Depreciation:					
Site and Site Improvement	(676,166)	(105,796)			(781,962)
Buildings and Building Improvements	(6,458,508)	(120,139)			(6,578,647)
Machinery and Equipment	(1,517,115)	(147,573)	8,700		(1,655,988)
Total Accumulated Depreciation	(8,651,789)	(373,508)	8,700		(9,016,597)
Total Capital Assets Being Depreciated, net	4,468,161	(134,578)			4,333,583
Governmental Activities Capital Assets, net	\$ 9,021,968	\$ 20,441,047	\$ -	\$ -	\$ 29,463,015
Business-Type Activities:					
Capital Assets, being Depreciated:					
Machinery and Equipment	\$ 389,495	\$ -	\$ -	\$ (1,458)	\$ 388,037
Less Accumulated Depreciation	(369,384)	(2,117)		1,458	(370,043)
Business-Type Activities Capital Assets, net	\$ 20,111	\$ (2,117)	\$ -	\$ -	\$ 17,994

Depreciation expense in the amount of \$342,587 was charged to governmental functions as follows:

Unallocated	\$ 373,508
Total Depreciation Expense	\$ 373,508

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 - GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Principal Outstanding June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2017</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due Past One Year</u>
Obligation under						
Capital Lease	\$ 790,201		\$ 300,465	\$ 489,736	\$ 242,905	\$ 246,831
Serial Bonds Payable	20,900,000	14,725,000		35,625,000	1,650,000	33,975,000
Compensated Absences Payable	1,281,489	19,406		1,300,895	19,853	1,281,042
Total	\$ 22,971,690	\$ 19,406	\$ 300,465	\$ 37,415,631	\$ 1,912,758	\$ 35,502,873

As of June 30, 2017, there exists a balance of outstanding principal in the 2016 bond issues for \$20,900,000 and \$14,725,000. Combined Principal and interest due on the serial bond issue outstanding as of June 30, 2017 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,650,000	\$ 1,073,235	\$ 2,723,235
2019	1,315,000	913,544	2,228,544
2020	1,380,000	883,313	2,263,313
2021	1,450,000	849,875	2,299,875
2022	1,525,000	814,751	2,339,751
2023	1,600,000	777,877	2,377,877
2024	1,680,000	739,189	2,419,189
2025	1,750,000	697,501	2,447,501
2026	1,825,000	652,813	2,477,813
2027	1,950,000	603,625	2,553,625
2028	2,025,000	549,875	2,574,875
2029	2,100,000	494,125	2,594,125
2030	2,175,000	433,125	2,608,125
2031	2,200,000	367,500	2,567,500
2032	2,200,000	301,500	2,501,500
2033	2,200,000	235,500	2,435,500
2034	2,200,000	168,938	2,368,938
2035	2,200,000	101,813	2,301,813
2036	2,200,000	34,125	2,234,125
	\$ 35,625,000	\$ 10,692,224	\$ 46,317,224

-49-
PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - GENERAL LONG-TERM DEBT (Continued)

A. Bonds Payable

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

On February 17, 2016, the District issued \$20,900,000 in general obligation bonds at various interest rates for building improvements. Also, on November 9, 2016, the District issued \$14,725,000 in general obligation bonds at various interest rates for building improvements. The final maturity of the bonds will be in 2035. The first principal payments will be on September 1, 2017.

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

C. Capital Leases

At June 30, 2017, the District had capital lease obligations as follows:

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

Lease #2 - Various improvements to the Pennsville High School in the amount of \$1,200,000. The lease is for a term of five years and bears interest at 1.61%.

The following is a schedule of the minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2017.

Year Ending June 30,	Principal	Interest	Total
2018	\$ 242,905	\$ 6,911	\$ 249,816
2019	246,831	2,984	249,815
	\$ 489,736	\$ 9,895	\$ 499,631

D. Temporary Notes Payable

As of June 30, 2017, the District had no temporary notes payable.

E. Interest Expense

No interest expense was capitalized nor paid by the debt service fund during the fiscal year ending June 30, 2017.

F. Compensated Absences

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. PENSION PLANS

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

The following represents the membership tiers for PERS and TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who are 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.

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members.

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.

P.L. 1987, c. 384 and P.L. 1990, c.6 required 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 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. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS who retired from a municipality with 25 years of service.

-51-
PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Contributions - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.06% through June 30, 2016 and 7.20% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 12.46% of covered payroll. The District's contributions to PERS for the years ended June 30, 2017, and 2016, were \$294,813 and \$275,290 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the year ended June 30, 2017 was \$16,784,407. Payroll covered by PERS was \$2,261,681 for fiscal year 2017.

Information regarding contributions made by the State of New Jersey on behalf of the District is not available. Contributions to the system for the year ended June 30, 2017 is as follows:

	<u>PERS</u>
Employees	\$ 162,841
District	<u>294,813</u>
Total	<u>\$ 457,654</u>

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2017, as follows:

Public Employees Retirement System					
<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2017	\$ 43,522	\$ 221,487	\$ 294,813	\$ N/A	\$ 294,813

Components of Net Pension Liability - At June 30, 2017, the District's proportionate share of the PERS net pension liability was \$9,275,839. 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 June 30, 2016, to the measurement date of June 30, 2016. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The District's proportion measured as of June 30, 2016 was 0.031319% which was an increase of 0.00104% from its proportion measured as of June 30, 2015.

-52-
PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2017 PERS pension expense, with respect to GASB 68, was \$923,943. The District's 2017 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 172,502	\$
Changes of assumptions	1,921,458	
Net difference between projected and actual earnings on pension plan investments	353,696	
Changes in proportion	173,950	
Contributions subsequent to the measurement date	294,813	
Total	<u>\$ 2,916,419</u>	<u>\$</u>

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

<u>Year</u>		<u>PERS</u>
2018	\$	578,256
2019		578,256
2020		662,696
2021		563,412
2022		238,987
Thereafter		
Total	\$	<u>2,621,607</u>

Additional Information - Collective Balances at June 30, 2017 and 2016 are as follows:

<u>Year</u>		<u>6/30/2017</u>		<u>6/30/2016</u>
Collective deferred outflows of resources	\$	2,916,419	\$	622,430
Collective deferred inflows of resources				109,282
Collective Net Pension Liability		9,275,839		6,796,945
District's Proportion		0.031319%		0.030279%

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (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:

	<u>PERS</u>
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Investment Rate of Return	7.65%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	3.08%

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 rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on 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 scale. 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.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real 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:

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
US 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 US 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 US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

Discount Rate - The discount rate as of June 30, 2016 used to measure the total pension liability was 3.98% for PERS. This single blended discount rate was based on the 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 municipal 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 for PERS. 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.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount (3.98%)	1% Increase (4.98%)
	<u> </u>	<u> </u>	<u> </u>
District's proportionate share of the net pension liability	\$ 11,366,458	\$ 9,275,839	\$ 7,549,852

Teachers' Pension and Annuity Fund

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

Vesting and Benefit Provisions - 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.

Contributions - The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 6.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Contributions (Continued) - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100% special funding situation with the State of New Jersey.

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/17	\$ 1,342,898	100 %	\$ N/A
6/30/16	2,208,101	100	N/A
6/30/15	1,722,584	100	N/A

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$1,342,898 to the TPAF for pension contributions, \$1,118,939 for post-retirement benefits on behalf of the School, and \$3,728 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$918,573 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2017, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Pension Expense - For the year ended June 30, 2017, the District recognized pension expense of \$7,441,021 and revenue of \$7,441,021 for support provided by the State.

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:

	TPAF
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Investment Rate of Return	7.65%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.50%

Long-Term Expected Rate of Return - 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:

	TPAF	Long-Term Expected Real Rate of Return
Asset Class	Target Allocation	
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 Bonds	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%
Total	100.00%	

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the 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 municipal 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 Collective Net Pension Liability to Changes in the Discount Rate – As indicated above, TPAF has a special funding situation where the State pays 100% of the District's annual required contribution.

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

NOTE 8 - POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c. 6 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 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>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - CONTINGENT LIABILITIES

The School District has been notified of a Notice of Tort Claim and was forwarded to its insurance company. The outcome of the claim, or exposure to the Board, is still either unknown or potential losses, if any, would not be material to the financial statements.

NOTE 10 - COMPENSATED ABSENCES

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

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

In the district-wide Statement of Position, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the proprietary fund types.

NOTE 11- DEFERRED COMPENSATION

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

The Legend Group Financial Services
MetLife
Lincoln Investments
Equitable
Valic

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - RISK MANAGEMENT

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

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

The District participates in the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund (GCSSDJIF), public entity risk pool. Coverage under this joint plan offers workers' compensation, boiler and machinery, automobile liability, general liability, property, crime, school board legal liability, and pollution legal liability coverage. The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies. No contingency provision has been made in these financial statements as no deficiencies occurred as of June 30, 2017 for the joint insurance pool.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017		\$ 39,933	\$ 30,553	\$ 43,191
2015-2016		34,521	22,776	33,811
2014-2015		38,248	34,364	22,066

NOTE 13 - INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund balances at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,280,909	
Special Revenue Fund		\$ 538,377
Capital Project Fund		522,372
Enterprise Fund		92,022
Internal Service Fund		128,138
	<u>\$ 1,280,909</u>	<u>\$ 1,280,909</u>

All interfunds were created as a result of short-term borrowings to cover cash flow needs in the various funds, as well as 2017's interest earnings. These interfunds are expected to be liquidated within the next fiscal cycle. The fund financial interfunds were eliminated in the governmental-wide statements.

-61-
PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - FUND BALANCE APPROPRIATED

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

Nonspendable:

As of June 30, 2017, the balance in the permanent fund account is \$88,721.

Spendable:

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

Restricted Capital reserve - As of June 30, 2017, the balance in the capital reserve account is \$1,157 which is restricted for future capital outlay expenditures for capital projects in the District's approved Long Range Facilities Plan.

Restricted Maintenance reserve - In June of 2017, the Board of Education approved the transfer of \$100,000 into a maintenance reserve account, which is restricted for future expenditures.

Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess surplus as of June 30, 2017 was \$1,039,172, of which \$438,797 must be appropriated in the 2017-18 budget and \$600,375 must be budgeted in the 2018-19 budget.

Capital Projects Fund - As of June 30, 2017, the total fund balance in the capital project fund was \$13,170,754, consisting of Encumbrances of \$11,942,227 and a Committed but unspent balance of \$1,228,527.

On January 6, 2014, the District's Board received approval for the replacement of the fire alarm system at the high school in the amount of \$370,600, of which NJSDA Grant funding was awarded in the amount of \$148,240, with the remaining \$222,360 funded through budgeted Capital Outlay. The unspent amount on this project at June 30, 2017 was \$36,796 (See Exhibit F2 a).

On January 6, 2014, the District received approval for the replacement of windows and transom at the high school in the amount of \$1,256,640, of which NJSDA funding was awarded in the amount of \$502,656, with the remaining \$753,984 funded through budgeted Capital Reserve. The unspent amount on this project at June 30, 2017 was \$23,458 (See Exhibit F2 b).

On February 17, 2016, the District's Board issued Serial Bonds in the amount of \$20,900,000 for building improvements and equipment, which is payable as of June 30, 2017. The unspent balance on the projects funded by this Bond Ordinance, as of June 30, 2017, is \$266,400 (See Exhibit F2 c-h).

On November 9, 2016, the District's Board issued Serial Bonds in the amount of \$14,725,000 for building improvements and equipment, which is payable as of June 30, 2017. The unspent amount on the projects funded by this bond issue, as of June 30, 2017, was \$932,861 (see Exhibit F2 i-n).

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - FUND BALANCE APPROPRIATED (Continued)

Spendable (Continued):

Assigned Other Purposes – The spendable portion of the permanent fund was \$15 as of June 30, 2017.

Assigned and Designated by the Board of Education for Subsequent Year's Expenditures - The District has appropriated and included as anticipated revenue \$111,203 of unrestricted fund balance.

Assigned for Year End Encumbrances - As of June 30, 2017, the District had \$30,035 in encumbrances outstanding for purchase orders and contracts signed by the District but not completed.

Unassigned - This is the remainder of the District's equity in the governmental fund types. The total balance is a deficit of \$135,250 as of June 30, 2017.

NOTE 15 - DEFICIT FUND BALANCES

The District has a deficit fund balance of \$135,250 in the General Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing differences of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's general fund deficit is less than the last state aid payments of \$832,452.

NOTE 16 - TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), 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 NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 16 - TAX ABATEMENT (Continued)

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 NJSA 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 17 - SUBSEQUENT EVENTS

There were no other events noted, between the year-end and the date of the audit report, requiring disclosure.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 20,223,524	\$	\$ 20,223,524	\$ 20,223,524	\$
Tuition from other LEA's	106,412		106,412	227,126	120,714
Transportation Fees from Individuals	55,000		55,000	39,003	(15,997)
Interest Earned				2,751	2,751
Interest Earned on Capital Reserve Funds				10	10
Miscellaneous	209,636		209,636	202,668	(6,968)
Total - Local Sources	20,594,572		20,594,572	20,695,082	100,510
State Sources:					
Equalization Aid	7,412,374		7,412,374	7,412,374	
Categorical Special Education Aid	1,010,823		1,010,823	1,010,823	
School Choice Aid	154,384		154,384	154,384	
Categorical Security Aid	67,439		67,439	67,439	
Categorical Transportation Aid	134,088		134,088	134,088	
Additional Adjustment Aid	115,788		115,788	115,788	
PARCC Readiness Aid	17,350		17,350	17,350	
Per Pupil Growth Aid	17,350		17,350	17,350	
Professional Learning Community Aid	16,775		16,775	16,775	
Extraordinary Aid				102,754	102,754
Non-public Transportation Aid				2,436	2,436
Homeless Tuition				65,482	65,482
TPAF Pension & Annuity Fund (On-Behalf - Non-Budgeted)				1,342,898	1,342,898
TPAF Post Retirement-Medical (On-Behalf - Non-Budgeted)				1,118,939	1,118,939
TPAF Long-Term Disability (On-Behalf - Non-Budgeted)				3,728	3,728
Reimbursed TPAF Social Security (Non-Budgeted)				918,573	918,573
Total - State Sources	8,946,371		8,946,371	12,501,181	3,554,810
Federal Sources:					
Medical Reimbursement	10,364		10,364	58,264	47,900
Total - Federal Sources	10,364		10,364	58,264	47,900
Total Revenues	29,551,307		29,551,307	33,254,527	3,703,220
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers					
Kindergarten	420,965	24,483	445,448	434,076	11,372
Grades 1-5	2,444,405	(268,071)	2,176,334	2,175,190	1,144
Grades 6-8	1,809,650	(73,761)	1,735,889	1,735,889	
Grades 9-12	2,623,853	275,992	2,899,845	2,899,844	1
Home Instruction:					
Salaries of Teachers	15,000		15,000	7,674	7,326
Regular Programs - Undistributed Instruction:					
Purchased Professional / Educational Services	17,700	(10,950)	6,750	6,350	400
Other Purchased Services	260,431	(53,569)	206,862	187,296	19,566
General Supplies	698,581	(108,335)	590,246	590,246	
Textbooks	70,105	(39,944)	30,161	7,635	22,526
Other Objects	9,860	838	10,698	1,941	8,757
Total Regular Programs	8,370,550	(253,317)	8,117,233	8,046,141	71,092
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	307,490	63,140	370,630	370,419	211
Other Salaries for Instruction	164,733	48,845	213,578	210,575	3,003
General Supplies	19,000		19,000	7,743	11,257
Textbooks	4,000		4,000	712	3,288
Total Learning and/or Language Disabilities	495,223	111,985	607,208	589,449	17,759

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXPENDITURES (CONT'D)	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
Behavioral Disabilities:					
Salaries of Teachers	\$	\$	\$	\$	\$
Other Salaries for Instruction					
Total Behavioral Disabilities					
Multiple Disabilities:					
Salaries of Teachers	45,993	82,498	128,491	128,491	
Other Salaries for Instruction	58,589	(33,146)	25,443	20,382	5,061
General Supplies	16,500		16,500	4,023	12,477
Total Multiple Disabilities	121,082	49,352	170,434	152,896	17,538
Resource Room - Instruction:					
Salaries of Teachers	1,418,312	(101,762)	1,316,550	1,309,980	6,570
Other Salaries for Instruction	501,403	(303,046)	198,357	193,416	4,941
General Supplies	30,000		30,000	26,023	3,977
Textbooks	12,600		12,600		12,600
Total Resource Room - instruction	1,962,315	(404,808)	1,557,507	1,529,419	28,088
Preschool disabilities - Part-Time:					
Salaries of Teachers	166,008		166,008	164,059	1,949
Other Salaries for Instruction	33,584	36,665	70,249	64,922	5,327
General Supplies	9,500		9,500	4,092	5,408
Total Preschool Disabilities - Part -Time	209,092	36,665	245,757	233,073	12,684
TOTAL SPECIAL EDUCATION	2,787,712	(206,806)	2,580,906	2,504,837	76,069
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	259,241	47,169	306,410	306,062	348
General supplies	22,800		22,800	16,131	6,669
Other Objects	2,300		2,300	852	1,448
Total Basic Skills / Remedial - Instruction	284,341	47,169	331,510	323,045	8,465
Bilingual Education - Instruction					
Salaries of Teachers	100,000	(92,917)	7,083	7,083	
General Supplies	1,775	953	2,728	2,517	211
Textbooks	1,738		1,738	1,573	165
Other Objects	85		85		85
Total Bilingual Education - Instruction	103,598	(91,964)	11,634	11,173	461
School Sponsored Co-curricular Activities - Instruction					
Salaries	80,000	27,128	107,128	107,128	
Transfers to Cover Deficit in Agency Funds	22,642	(10,000)	12,642	11,846	796
Total School Sponsored Co-curricular Activities-Instruction	102,642	17,128	119,770	118,974	796
School Sponsored Athletics - Instruction					
Salaries	267,972	(14,000)	253,972	253,580	392
Purchased Services	86,923	(10,767)	76,156	58,962	17,194
Supplies and Materials	90,258		90,258	74,360	15,898
Other Objects	27,570		27,570	25,825	1,745
Total School Sponsored Athletics - Instruction	472,723	(24,767)	447,956	412,727	35,229
Total Instruction	12,121,566	(512,557)	11,609,009	11,416,897	192,112

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
Current Expense (Cont'd)					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 81,500	\$ 297,216	\$ 378,716	\$ 378,231	\$ 485
Tuition to Other LEAs Within the State - Special	90,000	(85,989)	4,011	120	3,891
Tuition to County Voc. School Dist.-Regular	400,000	13,568	413,568	413,567	1
Tuition to CSSD & Regional Day Schools	319,705	424,543	744,248	744,247	1
Tuition to Private Schools for the Disabled - Within State	550,000	(286,924)	263,076	263,076	
Tuition - State Facilities	22,199	(22,109)	90		90
Tuition - Other	30,000	(29,985)	15		15
Total Undistributed Expenditures - Instruction	1,493,404	310,320	1,803,724	1,799,241	4,483
Attendance & Social Work services:					
Salaries	124,347		124,347	118,591	5,756
Total attendance and social work services:	124,347		124,347	118,591	5,756
Health Services					
Salaries	370,161	(17,864)	352,297	352,297	
Purchased Professional and Technical Services	18,000	(264)	17,736	16,174	1,562
Other Purchased Services		264	264	264	
Supplies and Materials	8,127		8,127	4,288	3,839
Total Health Services	396,288	(17,864)	378,424	373,023	5,401
Speech, OT, PT & Related Services					
Salaries	396,204	(174,654)	221,550	220,174	1,376
Purchased Professional - Educational Services	246,000	(138,240)	107,760	107,760	
Total - Speech, OT, PT & Related Services	642,204	(312,894)	329,310	327,934	1,376
Other Supp Serv STD-Extra Serv					
Salaries		179,876	179,876	179,875	1
Purchased Professional - Educational Services	160,000	102,378	262,378	247,981	14,397
Total Other Supp Serv STD-Extra Serv	160,000	282,254	442,254	427,856	14,398
Guidance					
Salaries of Other Professional Staff	561,632		561,632	554,843	6,789
Salaries of Secretarial and Clerical Assistants	60,941		60,941	59,304	1,637
Other Purchased Professional and Technical Services	1,918	2,487	4,405	2,500	1,905
Other Purchased Services	400	(195)	205	148	57
Supplies and Materials	49,711	(20,524)	29,187	20,738	8,449
Other Objects	726	463	1,189	1,189	
Total - Guidance	675,328	(17,769)	657,559	638,722	18,837
Child Study Teams					
Salaries of Other Professional Staff	583,903	(9,302)	574,601	573,050	1,551
Salaries of Secretarial and Clerical Assistants	57,212	1,792	59,004	59,004	
Other Salaries	20,000	10,595	30,595	30,595	
Unused Vacation Payment to Termin/Retired Staff		2,050	2,050	2,049	1
Other Purchased Professional and Technical Services	17,500	(5,507)	11,993	9,762	2,231
Miscellaneous Purchased Services	17,800	(5,084)	12,716	10,025	2,691
Supplies and Materials	42,250	393	42,643	35,118	7,525
Other Objects	1,900	(127)	1,773	204	1,569
Total - Child Study Team	740,565	(5,190)	735,375	719,807	15,568
Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	129,512	(1,042)	128,470	125,952	2,518
Salaries of Other Professional Staff	336,660	2,976	339,636	339,636	
Salaries of Secretarial and Clerical Assistants	77,354	(14,907)	62,447	62,284	163
Unused Vacation Payment to Terminated/Retired Staff		29,701	29,701	29,700	1
Other Purchased Professional and Technical Services	15,000	3,343	18,343	18,247	96
Other Purchased Services	3,692	206	3,898	1,968	1,930
Supplies and Materials	12,410	(4,403)	8,007	3,714	4,293
Other Objects	9,645	1,895	11,540	6,450	5,090
Total - Improvement of Instruction Services	584,273	17,769	602,042	587,951	14,091

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
Current Expense (Cont'd)					
Educational Media Services/School Library					
Salaries	\$ 228,799	\$ 5,349	\$ 234,148	\$ 233,680	\$ 468
Purchased Professional and Technical Services	3,842	(607)	3,235	2,446	789
Other Purchased Services	11,725	(3,251)	8,474	7,923	551
Supplies and Materials	25,650	6,164	31,814	31,647	167
Other Objects	440	(61)	379	219	160
Total Educational Media Services/School Library	270,456	7,594	278,050	275,915	2,135
Support Services - General Administration:					
Salaries	267,568	(34,451)	233,117	233,117	
Legal Services	70,000	(20,320)	49,680	42,675	7,005
Audit Fees	22,000		22,000	18,675	3,325
Other Purchased Professional Services	100,000	(74,813)	25,187	25,187	
Communications/Telephone	120,000	38,990	158,990	158,989	1
BOE Other Purchased Services	5,500	(3,139)	2,361		2,361
Miscellaneous Purchased Services	116,000	(34,847)	81,153	81,153	
General Supplies	11,500	3,068	14,568	14,567	1
BOE in-house training/meeting supplies	4,000		4,000	1,907	2,093
Miscellaneous Expenditures	4,200	1,422	5,622	5,621	1
BOE Membership Dues and Fees	15,300		15,300	14,015	1,285
Total - Support Services - General Administration	736,068	(124,090)	611,978	595,906	16,072
Support Service - School Administration:					
Salaries of Principals/Assistant Principals	761,848	(2,052)	759,796	758,775	1,021
Salaries of Secretarial and Clerical Assistants	376,043	118,017	494,060	494,058	2
Unused Vacation Payment to Terminated/Retired Staff		2,009	2,009	2,009	
Other Purchased Services	4,000	(1,132)	2,868	2,868	
Supplies and Materials	20,530	406	20,936	20,934	2
Other Objects	1,238	(1,238)			
Total - Support Services - School Administration	1,163,659	116,010	1,279,669	1,278,644	1,025
Central Services:					
Salaries	386,683	(49,956)	336,727	336,727	
Purchased Technical Services	2,000	16,423	18,423	18,423	
Miscellaneous Purchased Services	80,000	(78,169)	1,831		1,831
Supplies and Materials	7,000	30,541	37,541	37,541	
Interest on Current Loans		5,454	5,454	5,453	1
Interest on Lease Purchase Agreements		11,423	11,423	11,423	
Miscellaneous expenditures	2,000	(323)	1,677	1,190	487
Total - Central Services	477,683	(64,607)	413,076	410,757	2,319
Administrative Information Technology					
Salaries	176,954	4,251	181,205	181,204	1
Other Purchased Services (400-500 series)	14,000	7,374	21,374	19,373	2,001
Supplies and Materials	1,000	(438)	562	562	
Total - Administrative Information Technology	191,954	11,187	203,141	201,139	2,002
Required Maintenance for School Facilities					
Cleaning, Repair, and Maintenance Services	140,000	(100,000)	40,000	33,483	6,517
General Supplies	43,210	(20,000)	23,210	22,760	450
Total - Required Maintenance for School Facilities	183,210	(120,000)	63,210	56,243	6,967

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
Current Expense (Cont'd)					
Custodial Services:					
Salaries	\$ 350,216	\$	\$ 350,216	\$ 330,387	\$ 19,829
Salaries of Non-Instructional Aides	42,339		42,339	37,231	5,108
Purchased Professional and Technical Services	1,233,500	(57,969)	1,175,531	1,175,531	
Cleaning, Repair and Maintenance Services	171,200		171,200	168,503	2,697
Other Purchased Property Services	64,400	(21,021)	43,379	43,379	
Insurance	152,000	(37,000)	115,000	114,597	403
Miscellaneous purchased services	5,800		5,800	3,440	2,360
General Supplies	105,000		105,000	89,734	15,266
Energy (Natural Gas)	275,000	(99,224)	175,776	175,776	
Energy (Electricity)	365,000		365,000	362,352	2,648
Energy (Oil)	17,000		17,000	12,754	4,246
Total - Custodial Services	2,781,455	(215,214)	2,566,241	2,513,684	52,557
Security:					
Salaries					
Total - Security					
Student Transportation Services					
Contracted Services - Aid in Lieu Payments - Non-Public	35,000	(19,000)	16,000	15,391	609
Contracted Services - (Between Home and School) - Vendors	985,000	(89,403)	895,597	895,385	212
Contracted Services - (Other than Between Home & School) - Vendors	115,000	(26,000)	89,000	88,603	397
Contracted Services (Between Home and School) - Joint Agreements	30,000	(29,737)	263		263
Contracted Services (Special Ed) - Joint Agreements	10,000		10,000	8,673	1,327
Contracted Services (Regular Students) - ESC's	120,000	(72,594)	47,406	29,329	18,077
Contracted Services (Special Education Students) - ESC's	185,000	323,240	508,240	508,239	1
Total Student Transportation Services	1,480,000	86,506	1,566,506	1,545,620	20,886
Unallocated Benefits:					
Social Security Contributions	223,000	73,459	296,459	296,458	1
Other Retirement Contributions - PERS	280,000	14,813	294,813	294,813	
Unemployment Compensation	52,000		52,000	52,000	
Workmen's Compensation	187,000	(16,000)	171,000	170,297	703
Health Benefits	4,311,357	487,153	4,798,510	4,798,510	
Tuition Reimbursement	55,000	4,219	59,219	59,218	1
Other Employee Benefits	20,750	(4,982)	15,768	15,679	89
Unused Vacation Payment to Terminated/Retired Staff	72,000	11,306	83,306	83,305	1
Total Unallocated Benefits	5,201,107	569,968	5,771,075	5,770,280	795
Teacher's Pension & Annuity Fund (On-Behalf - Non-Budgeted)				1,342,898	(1,342,898)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				1,118,939	(1,118,939)
TPAF Long-Term Disability (On-Behalf - Non-Budgeted)				3,728	(3,728)
Reimbursed TPAF Social Security (Non-Budgeted)				918,573	(918,573)
Total On-Behalf Contributions				3,384,138	(3,384,138)
Total Undistributed Expenditures	17,302,001	523,980	17,825,981	21,025,451	(3,199,470)
Total Expenditures - Current Expense	29,423,567	11,423	29,434,990	32,442,348	(3,007,358)

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
Capital Outlay					
Increase in Maintenance Reserve	\$	\$	\$	\$	\$
Interest Deposit on Capital Reserve					
Equipment:					
Grades 1-5	27,000	(27,000)			
School-Sponsored and Other Instructional Program	28,500		28,500	2,200	26,300
Undistributed Expenditures:					
Instruction		10,787	10,787		10,787
Undist. Expend. - Custodial Services	25,300	(25,300)			
Undist. Expend. - Security	220,517	16,213	236,730	236,730	
Total Equipment	301,317	(25,300)	276,017	238,930	37,087
Facilities Acquisition and Construction Services					
Construction Services		25,300	25,300		25,300
Lease Purchase Services - Principal	311,997	(11,423)	300,574	300,465	109
Other Objects - Debt Service Assessment	3,014		3,014	3,014	
Total Facilities Acquisition and Construction Services	315,011	13,877	328,888	303,479	25,409
Total Capital Outlay	616,328	(11,423)	604,905	542,409	62,496
Total Expenditures	30,039,895		30,039,895	32,984,757	(2,944,862)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(488,588)	-	(488,588)	269,770	758,358
OTHER FINANCING SOURCES (USES):					
Operating Transfers :					
Interest in Capital Projects Fund				26,332	
Total Other Financing Sources (Uses):				26,332	
Net Change in Fund Balances	(488,588)		(488,588)	296,102	758,358
Fund Balances - Beginning of Year	1,682,667		1,682,667	1,682,667	
Fund Balances - End of Year	\$ 1,194,079	\$	\$ 1,194,079	\$ 1,978,769	\$ 758,358
Recapitulation:					
Fund Balances:					
Restricted:					
Capital Reserve				\$ 1,157	
Maintenance Reserve				100,000	
Excess Surplus				600,375	
Excess Surplus Designated For Subsequent Year's Expenditures				438,797	
Assigned Fund Balance:					
Year-end Encumbrances				30,035	
Designated For Subsequent Year's Expenditures				111,203	
Unassigned				697,202	
				1,978,769	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(832,452)	
				\$ 1,146,317	

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
State Sources:	\$ 85,792	\$ 8,831	\$ 94,623	\$ 75,547	\$ (19,076)
Federal Sources:	747,383	227,340	974,723	836,341	(138,382)
Total Revenues	<u>833,175</u>	<u>236,171</u>	<u>1,069,346</u>	<u>911,888</u>	<u>(157,458)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	747,383	(428,003)	319,380	314,879	4,501
Salaries - Other Instruction		20,699	20,699	18,201	2,498
Tuition		498,941	498,941	397,605	101,336
Textbooks		8,992	8,992	8,163	829
Supplies & Materials		55,611	55,611	29,023	26,588
General Supplies		11,856	11,856	4,039	7,817
Total Instruction	<u>747,383</u>	<u>168,096</u>	<u>915,479</u>	<u>771,910</u>	<u>143,569</u>
Support					
Employee Benefits		60,604	60,604	58,272	2,332
Purchased Professional / Technical Services		20,488	20,488	18,361	2,127
Purchased Educational Services	85,792	(23,825)	61,967	55,418	6,549
Purchased Professional Services		10,808	10,808	7,927	2,881
Total Support Services	<u>85,792</u>	<u>68,075</u>	<u>153,867</u>	<u>139,978</u>	<u>13,889</u>
Total Expenditures	<u>833,175</u>	<u>236,171</u>	<u>1,069,346</u>	<u>911,888</u>	<u>157,458</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses) \$	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

	<u>Ref</u>	<u>General Fund</u>	<u>Ref</u>		<u>Special Revenue Fund</u>
Sources/Inflows of Resources:					
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	[C-1]	\$ 33,254,527	[C-2]	\$	911,888
Difference - Budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		851,279			
The last State aid payment is recognized for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).		<u>(832,452)</u>			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 33,273,354</u>	[B-2]	\$	<u>911,888</u>
Uses/Outflows of Resources:					
Actual amounts (budgetary basis) "total expenditures" and "financing uses" from the budgetary comparison schedule.	[C-1]	\$ 32,984,757	[C-2]	\$	911,888
Differences - Budget to GAAP:					
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.					
Transfers to other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers to the General Fund.					
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 32,984,757</u>	[B-2]	\$	<u>911,888</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

SCHEDULE L-1

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

Public Employee's Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.031319%	0.030279%	0.030272%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,275,839	\$ 6,796,945	\$ 5,667,678
District's Covered-Employee Payroll	\$ 2,261,681	\$ 2,191,654	\$ 2,106,721
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	410.13%	310.13%	269.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%

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

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

Public Employee's Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 294,813	\$ 275,290	\$ 249,555
Contributions in Relation to the Contractually Required Contribution	<u>(294,813)</u>	<u>(275,290)</u>	<u>(249,555)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 2,261,681	\$ 2,191,654	\$ 2,106,721
Contributions as a Percentage of Covered-Employee Payroll	13.04%	12.56%	11.85%

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
Schedules of Required Supplementary Information**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Teachers Pension Plan

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.125891%	0.123139%	0.129144%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 99,033,914	\$ 77,828,931	\$ 69,023,508
District's Covered-Employee Payroll	\$ 12,702,380	\$ 12,089,237	\$ 12,340,840
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	779.65%	643.79%	559.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%

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

SCHEDULE L-4

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension Plan

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
Pension Schedules

For the Fiscal Year Ended June 30, 2017

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Federal</u>	<u>State</u>	<u>Total</u>
REVENUES:			
State Sources	\$	\$ 75,547	\$ 75,547
Federal Sources	836,341		836,341
Total Revenues	<u>836,341</u>	<u>75,547</u>	<u>911,888</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	314,879		314,879
Salaries - Other Instruction	18,201		18,201
Tuition	397,605		397,605
Textbooks		8,163	8,163
General Supplies		4,039	4,039
Supplies and Materials	29,023		29,023
Total Instruction	<u>759,708</u>	<u>12,202</u>	<u>771,910</u>
Support Services:			
Employee Benefits	58,272		58,272
Purchased Educational Services		55,418	55,418
Purchased Technical Services	18,361		18,361
Purchased Professional Services		7,927	7,927
Total Support Services	<u>76,633</u>	<u>63,345</u>	<u>139,978</u>
Total Expenditures	<u>836,341</u>	<u>75,547</u>	<u>911,888</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Project Title	Approval Date	Appropriations	GAAP Expenditures to Date		Unexpended Balances	Memo Only	
			Prior Year	Current Year		Encumbrances	Available Balances
Replacement of Fire Alarm System at Pennsville Memorial High School	9/11/15	\$ 370,600	\$ 51,898	\$ 249,831	\$ 68,871	\$ 32,075	\$ 36,796
Replacement of Windows and Transom at Pennsville Memorial High School	9/11/15	1,256,640	335,119	867,242	54,279	30,821	23,458
Various Improvements and Renovations to Central Park, Penn Beach and Valley Park Elementary Schools, Pennsville Middle School and Pennsville Memorial High School; Equipment and Associate Site Work	01/19/16	20,900,000	3,087,856	13,882,936	3,929,208	3,662,808	266,400
Various Improvements and Renovations to Central Park, Penn Beach and Valley Park Elementary Schools, Pennsville Middle School Pennsville Memorial High School for the Auditorium Masonry Work and Stadium and Bleachers	11/09/16	14,725,000		5,575,616	9,149,384	8,216,523	932,861
		<u>\$ 37,252,240</u>	<u>\$ 3,474,873</u>	<u>\$ 20,575,625</u>	<u>\$ 13,201,742</u>	<u>\$ 11,942,227</u>	<u>\$ 1,259,515</u>
					\$ 30,988	\$ 30,988	
					13,170,754	1,228,527	
					<u>\$ 13,201,742</u>	<u>\$ 1,259,515</u>	

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Revenues and Other Financing Sources

Serial Bond Proceeds	\$ 14,725,000
State Sources - SDA Grant	66,809
Interest Income	26,332
	<hr/>
Total Revenues and Other Financing Sources	14,818,141

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	1,303,609
Construction Services	19,213,856
Other Purchased Services	58,160
	<hr/>
Total Expenditures and Other Financing Uses	20,575,625

Excess (Deficiency) of Revenues Over (Under) Expenditures before Other Financing Sources (Uses)	(5,757,484)
--	-------------

Other Financing Sources and Uses

Transfer of Interest Income to General Fund	(26,332)
	<hr/>

Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,783,816)
---	-------------

Fund Balance - Beginning	18,954,570
	<hr/>

Fund Balance - Ending	\$ 13,170,754
	<hr/> <hr/>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
RFEPLACEMENT OF FIRE ALARM SYSTEM
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 148,240	\$	\$ 148,240	\$ 148,240
Capital Outlay Transferred to Capital Project Fund	222,360		222,360	222,360
Total Revenues and Other Financing Sources	370,600		370,600	370,600
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	14,886	9,918	24,804	50,600
Construction Services	309,000		309,000	320,000
Other Purchased Services			0	
Total Expenditures and Other Financing Uses	323,886	9,918	333,804	370,600
Excess (Deficiency) of Revenues Over (Under) Expen \$	\$ 46,714	\$ (9,918)	\$ 36,796	\$

Additional project information:

DOE Project Number	4075-050-14-1003
SDA Project Number	4075-050-14-G2NO
Grant Number	G5-5774
Grant Date/Letter of Notification	9/11/15
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorization Cost	\$370,600
Additional Authorized Cost	\$0
Revised Authorized Cost	\$370,600
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
REPLACEMENT OF WINDOWS AND TRANSOM
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 502,656	\$	\$ 502,656	\$ 502,656
Capital Reserve Transferred to Capital Project Fund	753,984		753,984	753,984
Total Revenues and Other Financing Sources	1,256,640		1,256,640	1,256,640
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	50,622	40,810	91,432	168,640
Construction Services	1,023,600	118,150	1,141,750	1,088,000
Other Purchased Services			0	
Total Expenditures and Other Financing Uses	1,074,222	158,960	1,233,182	1,256,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 182,418	\$ (158,960)	\$ 23,458	\$

Additional project information:

DOE Project Number	4075-050-14-1010
SDA Project Number	4075-050-14-G2NS
Grant Number	G5-5778
Grant Date/Letter of Notification	9/11/2015
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorization Cost	\$1,256,640
Additional Authorized Cost	\$0
Revised Authorized Cost	\$1,256,640
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 4,448,750	\$ 34,084	\$ 4,482,834	\$ 4,482,834
Total Revenues	<u>4,448,750</u>	<u>34,084</u>	<u>4,482,834</u>	<u>4,482,834</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	169,630	175,720	345,350	358,310
Construction services	1,206,337	2,898,734	4,105,071	4,105,071
Other Purchased services	19,453		19,453	19,453
Total Expenditures	<u>1,395,420</u>	<u>3,074,454</u>	<u>4,469,874</u>	<u>4,482,834</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 3,053,330</u>	<u>\$ (3,040,370)</u>	<u>\$ 12,960</u>	<u>\$</u>

Additional Project Information:

Project Number	4075-050-15-1000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	1/19/2016
Bonds Authorized	\$4,448,750
Bonds Issued	\$4,448,750
Original Project Authorized Cost	\$4,448,750
Additional Authorized Cost	\$34,084
Revised Authorized Cost	\$4,482,834
Percentage Increase Over	
Original Authorized Cost	1%
Percentage Completion	90%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 4,900,000	\$ (37,351)	\$ 4,862,649	\$ 4,862,649
Total Revenues	4,900,000	(37,351)	4,862,649	4,862,649
Expenditures and Other Financing Uses:				
Purchased professional and technical services	231,830	139,986	371,816	393,233
Construction services	3,136,567	1,310,615	4,447,182	4,447,182
Other Purchased services	22,234		22,234	22,234
Total Expenditures	3,390,631	1,450,601	4,841,232	4,862,649
Excess (Deficiency) of revenues over (under) expenses	\$ 1,509,369	\$ (1,487,952)	\$ 21,417	\$

Additional Project Information:

Project Number	4075-055-15-1000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	1/19/2016
Bonds Authorized	\$4,900,000
Bonds Issued	\$4,900,000
Original Project Authorized Cost	\$4,900,000
Additional Authorized Cost	(\$37,351)
Revised Authorized Cost	\$4,862,649
Percentage Increase Over	
Original Authorized Cost	-1%
Percentage Completion	90%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 1,225,750	\$ 8,487	\$ 1,234,237	\$ 1,234,237
Total Revenues	1,225,750	8,487	1,234,237	1,234,237
Expenditures and Other Financing Uses:				
Purchased professional and technical services	86,960	32,630	119,590	142,500
Construction services		1,088,031	1,088,031	1,088,031
Other Purchased services	3,706		3,706	3,706
Total Expenditures	90,666	1,120,661	1,211,327	1,234,237
Excess (Deficiency) of revenues over (under) expenses	\$ 1,135,084	\$ (1,112,174)	\$ 22,910	\$

Additional Project Information:

Project Number	4075-050-15-3000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	1/19/2016
Bonds Authorized	\$1,225,750
Bonds Issued	\$1,225,750
Original Project Authorized Cost	\$1,225,750
Additional Authorized Cost	\$8,487
Revised Authorized Cost	\$1,234,237
Percentage Increase Over	
Original Authorized Cost	1%
Percentage Completion	90%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 3,712,500	\$ 27,581	\$ 3,740,081	\$ 3,740,081
Total Revenues	3,712,500	27,581	3,740,081	3,740,081
Expenditures and Other Financing Uses:				
Purchased professional and technical services	194,525	87,429	281,954	298,240
Construction services	2,628,538	798,480	3,427,018	3,427,018
Other Purchased services	14,823		14,823	14,823
Total Expenditures	2,837,886	885,909	3,723,795	3,740,081
Excess (Deficiency) of revenues over (under) expenses	\$ 874,614	\$ (858,328)	\$ 16,286	\$

Additional Project Information:

Project Number	4075-090-15-1000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	1/19/2016
Bonds Authorized	\$3,712,500
Bonds Issued	\$3,712,500
Original Project Authorized Cost	\$3,712,500
Additional Authorized Cost	\$27,581
Revised Authorized Cost	\$3,740,081
Percentage Increase Over	
Original Authorized Cost	1%
Percentage Completion	90%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 3,866,250	\$ (32,801)	\$ 3,833,449	\$ 3,833,449
Total Revenues	3,866,250	(32,801)	3,833,449	3,833,449
Expenditures and Other Financing Uses:				
Purchased professional and technical services	223,843	78,016	301,859	310,620
Construction services	3,197,444	303,392	3,500,836	3,500,836
Other Purchased services	11,117		11,117	21,993
Total Expenditures	3,432,404	381,408	3,813,812	3,833,449
Excess (Deficiency) of revenues over (under) expenses	\$ 433,846	\$ (414,209)	\$ 19,637	\$

Additional Project Information:

Project Number	4075-060-15-1000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	1/19/2016
Bonds Authorized	\$3,866,250
Bonds Issued	\$3,866,250
Original Project Authorized Cost	\$3,866,250
Additional Authorized Cost	(\$32,800)
Revised Authorized Cost	\$3,833,450
Percentage Increase Over	
Original Authorized Cost	-1%
Percentage Completion	90%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 2,746,750	\$	\$ 2,746,750	\$ 2,746,750
Total Revenues	2,746,750		2,746,750	2,746,750
Expenditures and Other Financing Uses:				
Purchased professional and technical services	60,964	145,321	206,285	220,489
Construction services	507,114	1,852,750	2,359,864	2,359,864
Other Purchased services	7,411		7,411	166,397
Total Expenditures	575,489	1,998,071	2,573,560	2,746,750
Excess (Deficiency) of revenues over (under) expenses	\$ 2,171,261	\$ (1,998,071)	\$ 173,190	\$

Additional Project Information:

Project Number	4075-078-15-1000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	1/19/2016
Bonds Authorized	\$2,746,750
Bonds Issued	\$2,746,750
Original Project Authorized Cost	\$2,746,750
Additional Authorized Cost	\$0
Revised Authorized Cost	\$2,746,750
Percentage Increase Over	
Original Authorized Cost	0%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$	\$ 1,307,800	\$ 1,307,800	\$ 1,307,800
Total Revenues		<u>1,307,800</u>	<u>1,307,800</u>	<u>1,307,800</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services		52,002	52,002	105,400
Construction services		1,162,700	1,162,700	1,162,700
Other Purchased services		5,875	5,875	39,700
Total Expenditures		<u>1,220,577</u>	<u>1,220,577</u>	<u>1,307,800</u>
Excess (Deficiency) of revenues over (under) expenses	\$	\$ 87,223	\$ 87,223	\$

Additional Project Information:

Project Number	4075-050-15-2000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	11/9/2016
Bonds Authorized	\$1,312,500
Bonds Issued	\$1,312,500
Original Project Authorized Cost	\$1,312,500
Additional Authorized Cost	(\$4,700)
Revised Authorized Cost	\$1,307,800
Percentage Increase Over	
Original Authorized Cost	0%
Percentage Completion	90%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$	\$ 5,700,000	\$ 5,700,000	\$ 5,700,000
Total Revenues		<u>5,700,000</u>	<u>5,700,000</u>	<u>5,700,000</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services		158,352	158,352	456,649
Construction services		5,100,000	5,100,000	5,100,000
Other Purchased services		29,374	29,374	143,351
Total Expenditures		<u>5,287,726</u>	<u>5,287,726</u>	<u>5,700,000</u>
Excess (Deficiency) of revenues over (under) expenses	\$	\$ 412,274	\$ 412,274	\$

Additional Project Information:

Project Number	4075-055-15-2000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	11/9/2016
Bonds Authorized	\$5,700,000
Bonds Issued	\$5,700,000
Original Project Authorized Cost	\$5,700,000
Additional Authorized Cost	\$0
Revised Authorized Cost	\$5,700,000
Percentage Increase Over	
Original Authorized Cost	0%
Percentage Completion	90%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:					
Bond proceeds and transfers	\$		\$ 2,250,000	\$ 2,250,000	\$ 2,250,000
Total Revenues			2,250,000	2,250,000	2,250,000
Expenditures and Other Financing Uses:					
Purchased professional and technical services			106,096	106,096	181,013
Construction services			2,000,000	2,000,000	2,000,000
Other Purchased services			8,812	8,812	68,987
Total Expenditures			2,114,908	2,114,908	2,250,000
Excess (Deficiency) of revenues over (under) expenses	\$		\$ 135,092	\$ 135,092	\$

Additional Project Information:

Project Number	4075-090-15-2000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	11/9/2016
Bonds Authorized	\$2,250,000
Bonds Issued	\$2,250,000
Original Project Authorized Cost	\$2,250,000
Additional Authorized Cost	\$0
Revised Authorized Cost	\$2,250,000
Percentage Increase Over	
Original Authorized Cost	0%
Percentage Completion	90%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$	\$ 400,000	\$ 400,000	\$ 400,000
Total Revenues		<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services		24,042	24,042	32,226
Construction services		360,000	360,000	360,000
Other Purchased services		587	587	7,774
Total Expenditures		<u>384,629</u>	<u>384,629</u>	<u>400,000</u>
Excess (Deficiency) of revenues over (under) expenses	\$	\$ 15,371	\$ 15,371	\$

Additional Project Information:

Project Number	4075-060-15-2000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	11/9/2016
Bonds Authorized	\$400,000
Bonds Issued	\$400,000
Original Project Authorized Cost	\$400,000
Additional Authorized Cost	\$0
Revised Authorized Cost	\$400,000
Percentage Increase Over	
Original Authorized Cost	0%
Percentage Completion	90%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000
Total Revenues		<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services		221,682	221,682	363,300
Construction services		4,000,000	4,000,000	4,000,000
Other Purchased services		8,812	8,812	136,700
Total Expenditures		<u>4,230,494</u>	<u>4,230,494</u>	<u>4,500,000</u>
Excess (Deficiency) of revenues over (under) expenses	\$	\$ 269,506	\$ 269,506	\$

Additional Project Information:

Project Number	4075-078-15-2000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	11/9/2016
Bonds Authorized	\$4,500,000
Bonds Issued	\$4,500,000
Original Project Authorized Cost	\$4,500,000
Additional Authorized Cost	\$0
Revised Authorized Cost	\$4,500,000
Percentage Increase Over	
Original Authorized Cost	0%
Percentage Completion	90%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$	\$ 567,200	\$ 567,200	\$ 567,200
Total Revenues		567,200	567,200	567,200
Expenditures and Other Financing Uses:				
Purchased professional and technical services		31,605	31,605	45,000
Construction services		517,500	517,500	517,500
Other Purchased services		4,700	4,700	4,700
Total Expenditures		553,805	553,805	567,200
Excess (Deficiency) of revenues over (under) expenses	\$	\$ 13,395	\$ 13,395	\$

Additional Project Information:

Project Number	4075-050-15-4000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	11/9/2016
Bonds Authorized	\$562,500
Bonds Issued	\$562,500
Original Project Authorized Cost	\$562,500
Additional Authorized Cost	\$4,700
Revised Authorized Cost	\$567,200
Percentage Increase Over	
Original Authorized Cost	1%
Percentage Completion	90%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2017

ASSETS:

Current Assets:

Cash	\$	2,060
Accounts Receivable:		
Federal		75,391
State		1,637
Inventories		16,836

Total Current Assets 95,924

Fixed Assets:

Equipment	388,037
Accumulated Depreciation	(370,043)

Total Fixed Assets 17,994

Total Assets 113,918

LIABILITIES:

Current Liabilities:

Unearned Revenue	8,034
Due to General Fund	92,022

Total Current Liabilities 100,056

Total Liabilities 100,056

NET POSITION:

Net Position:

Net Investment in Capital Assets	17,994
Unrestricted	(4,132)

Total Net Position \$ 13,862

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

OPERATING REVENUES:

Local Sources:

Daily Sales-Reimbursable Programs:

School Lunch Program \$ 173,724

School Breakfast Program 13,838

Daily Sales Non-Reimbursable Programs 118,385

Special Functions and Miscellaneous 9,963

Total Operating Revenue 315,910

OPERATING EXPENSES:

Salaries and Benefits 278,735

Supplies and Materials 31,739

Cost of Sales - Reimbursable Programs 271,473

Cost of Sales - Non Reimbursable Programs 50,600

Depreciation 2,117

Miscellaneous 16,457

Total Operating Expenses 651,121

Operating Loss (335,211)

Non-Operating Revenues (Expenses):

State Sources:

State School Lunch Program 6,031

Federal Sources:

National School Breakfast Program 39,092

National School Lunch Program 235,379

National School Snack Program 961

Food Distribution Program 47,499

Total Non-Operating Revenues 328,962

Net Income (Loss) Before Contributions and Transfers (6,249)

Other Financing Sources and Uses:

Change in Net Position (6,249)

Total Net Position-July 1 20,111

Total Net Position-June 30 \$ 13,862

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 315,910
Payments to Employees and Employee Benefits	(278,735)
Payments to Suppliers	(316,578)
	<hr/>
Net Cash Provided by (Used for) Operating Activities	(279,403)
	<hr/>
Cash Flows from Non-Capital Financing Activities:	
State Sources	6,031
Federal Sources	275,432
Transfer from General Fund	
	<hr/>
Net Cash Provided by (Used For) Non-Capital Financing Activities	281,463
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	
	<hr/>
Net Cash Provided by (Used For) Capital and Related Financing Activities	
	<hr/>
Net Increase/(Decrease) in Cash and Cash Equivalents	2,060
Cash and Cash Equivalents, July 1	
Cash and Cash Equivalents, June 30	\$ 2,060
	<hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ (335,211)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Depreciation	2,117
Food Distribution	47,499
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(63,623)
(Increase)/Decrease in Inventory	10,860
Increase/(Decrease) in Due to General Fund	64,950
Increase/(Decrease) in Unearned Revenue	(5,995)
	<hr/>
Net Cash Used by Operating Activities	\$ (279,403)
	<hr/>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2017

ASSETS

Current Assets:

Cash	\$	249,525
Accounts Receivable		221,454

Total Current Assets		<u>470,979</u>
----------------------	--	----------------

Fixed Assets

Equipment		193,479
Accumulated Depreciation		(193,479)

Total Fixed Assets		<u> </u>
--------------------	--	-----------------------------

Total Assets	\$	<u>470,979</u>
--------------	----	----------------

LIABILITIES

Current Liabilities:

Due to General Fund		128,138
---------------------	--	---------

Total Current Liabilities		<u>128,138</u>
---------------------------	--	----------------

Total Liabilities		<u>128,138</u>
-------------------	--	----------------

NET POSITION

Net Position:

Net Investment In Capital Assets		
Unrestricted		342,841

Total Net Position	\$	<u><u>342,841</u></u>
--------------------	----	-----------------------

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>SCC Interlocal</u>	<u>Pennsville Township Interlocal</u>	<u>Graphic Arts Academy</u>	<u>Creative Arts Academy</u>	<u>Quinton B.O.E.</u>	<u>Total</u>
OPERATING REVENUES:						
Program Fees	\$	\$ 8,567	\$ 268,136	\$ 285,000	\$ 36,720	\$ 598,423
Total Operating Revenue		8,567	268,136	285,000	36,720	598,423
OPERATING EXPENSES:						
Salaries			155,819	193,402	35,585	384,806
Employee Benefits			35,723	42,218		77,941
Other Purchased Services			41,312	40,120		81,432
Supplies and Materials			2,513	4,952		7,465
Depreciation			26,845	4,011		30,856
Total Operating Expenses			262,212	284,703	35,585	582,500
Operating Income (Loss)		8,567	5,924	297	1,135	15,923
Non-Operating Sources and Uses:						
Retained Earnings - July 1	67,271	29,150	160,528	44,423	25,546	326,918
Retained Earnings - June 30	\$ 67,271	\$ 37,717	\$ 166,452	\$ 44,720	\$ 26,681	\$ 342,841

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 598,423
Payments to Employees and Employee Benefits	(462,747)
Payments to Suppliers	(229,062)
	<hr/>
Net Cash Provided by (Used for) Operating Activities	(93,386)
	<hr/>
Cash Flows from Non-Capital Financing Activities:	
Transfer to General Fund	
	<hr/>
Total Cash Flows from Non-Capital Financing Activities	
	<hr/>
Net Increase/(Decrease) in Cash and Cash Equivalents	(93,386)
Cash and Cash Equivalents, July 1	342,911
	<hr/>
Cash and Cash Equivalents, June 30	\$ 249,525
	<hr/> <hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ 15,923
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Depreciation	30,856
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(78,441)
Increase/(Decrease) in Accounts Payable	(3,600)
Increase/(Decrease) in Due to General Fund	(58,124)
	<hr/>
Net Cash Used by Operating Activities	\$ (93,386)
	<hr/> <hr/>

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Unemployment Compensation Trust	Agency		Total
		Student Activity	Payroll	
ASSETS:				
Cash and Cash Equivalents	\$ 47,510	\$ 205,893	\$ 237,080	\$ 490,483
Total Assets	\$ 47,510	\$ 205,893	\$ 237,080	\$ 490,483
LIABILITIES, RESERVES AND NET POSITION:				
Payroll Deductions and Withholdings	\$	\$	\$ 36,151	\$ 36,151
Accounts Payable	4,319			4,319
Flexible Spending Reserve			20,483	20,483
Summer Payment Salaries and Wages			180,446	180,446
Due to Student Groups		205,893		205,893
Total Liabilities	4,319	205,893	237,080	447,292
Net Position:				
Held in Trust for Unemployment Claims and Other Purposes	43,191			43,191
Total Net Position	43,191			43,191
Total Liabilities and Net Position	\$ 47,510	\$ 205,893	\$ 237,080	\$ 490,483

EXHIBIT H-2

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>
OPERATING REVENUES	
Deductions from Employees' Salaries	\$ 39,899
Interest Earned	34
	<hr/>
Total Operating Revenue	39,933
	<hr/>
OPERATING EXPENSES	
Total Deductions	30,553
	<hr/>
Total Operating Expenses	30,553
	<hr/>
Operating Income (Loss)	9,380
	<hr/>
Net Position - July 1	33,811
	<hr/>
Net Position - June 30	\$ 43,191
	<hr/> <hr/>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Elementary Schools				
Central Park	\$ 2,506	\$ 298	\$ 506	\$ 2,298
Penn Beach	3,492	976	1,007	3,461
Valley Park	2,712	976		3,688
	<hr/>	<hr/>	<hr/>	<hr/>
Total Elementary Schools	8,710	2,250	1,513	9,447
	<hr/>	<hr/>	<hr/>	<hr/>
Junior High School				
Pennsville Middle School	14,036	5,721	6,381	13,376
	<hr/>	<hr/>	<hr/>	<hr/>
Total Middle School	14,036	5,721	6,381	13,376
	<hr/>	<hr/>	<hr/>	<hr/>
Senior High School				
Pennsville Memorial High School	170,527	240,316	228,748	182,095
Pennsville Athletic Fund		975		975
	<hr/>	<hr/>	<hr/>	<hr/>
Total Senior High School	170,527	241,291	228,748	183,070
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	\$ 193,273	\$ 249,262	\$ 236,642	\$ 205,893
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 205,070	\$ 24,009,552	\$ 23,977,542	\$ 237,080
Total Assets	<u>\$ 205,070</u>	<u>\$ 24,009,552</u>	<u>\$ 23,977,542</u>	<u>\$ 237,080</u>
LIABILITIES:				
Net Payroll	\$	\$ 9,376,930	\$ 9,376,930	\$
Payroll Deductions & Withholdings	33,144	14,221,708	14,218,701	36,151
Flexible Spending Reserve	18,252	9,500	7,269	20,483
Summer Payment Salaries and Wages	153,674	401,414	374,642	180,446
Total Liabilities	<u>\$ 205,070</u>	<u>\$ 24,009,552</u>	<u>\$ 23,977,542</u>	<u>\$ 237,080</u>

LONG-TERM DEBT SCHEDULES

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2017

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>					
Various Improvements and Renovations to Central Park, Penn Beach and Valley Park Elementary Schools; Pennsville Middle School and Pennsville Memorial High School; Equipment and Associate Site Work	2/17/16	\$ 20,900,000	9/1/17	\$ 1,200,000	2.00%	\$ 20,900,000	\$	\$	\$ 20,900,000
			9/1/18	700,000	2.00%				
			9/1/19	750,000	2.25%				
			9/1/20	800,000	2.25%				
			9/1/21	850,000	2.25%				
			9/1/22	900,000	2.25%				
			9/1/23	950,000	2.25%				
			9/1/24	1,000,000	2.50%				
			9/1/25	1,050,000	2.50%				
			9/1/26	1,150,000	2.50%				
			9/1/27	1,200,000	2.50%				
			9/1/28	1,250,000	2.50%				
			9/1/29-35	1,300,000	3.00%				
Various Improvements and Renovations to Central Park, Penn Beach and Valley Park Elementary Schools; Pennsville Middle School; Pennsville Memorial High School for the Auditorium Masonry Work and Stadium and Bleachers	11/9/16	14,725,000	9/1/17	450,000	2.25%		14,725,000		14,725,000
			9/1/18	615,000	2.25%				
			9/1/19	630,000	2.50%				
			9/1/20	650,000	2.50%				
			9/1/21	675,000	2.50%				
			9/1/22	700,000	2.50%				
			9/1/23	730,000	2.50%				
			9/1/24	750,000	2.50%				
			9/1/25	775,000	2.50%				
			9/1/26	800,000	3.00%				
			9/1/27	825,000	3.00%				
			9/1/28	850,000	3.00%				
			9/1/29	875,000	3.00%				
9/1/30-32	900,000	3.00%							
9/1/33-34	900,000	3.125%							
9/1/35	900,000	3.25%							
						<u>\$ 20,900,000</u>	<u>\$ 14,725,000</u>	<u>\$</u>	<u>\$ 35,625,000</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL LONG-TERM ACCOUNT GROUP
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2017

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2016</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2017</u>
			<u>Principal</u>	<u>Interest</u>					
Acquisition of Computers, Smart Boards, LCD Projectors and Energy Efficient Boilers	8/2/11	5 years	\$ 581,550	\$ 40,260	2.47%	\$ 61,424		\$ 61,424	
Various Improvements to the Pennsville High School	5/13/14	5 years	1,200,000	49,078	1.61%	728,777		239,041	489,736
						<u>\$ 790,201</u>		<u>\$ 300,465</u>	<u>\$ 489,736</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 569,182	\$	\$ 569,182	\$ 569,182	\$
State Sources:					
Debt Service Aid Type II					
Total Revenues	569,182		569,182	569,182	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	569,182		569,182	569,182	
Redemption of Principal					
Total expenditures	569,182		569,182	569,182	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Other Financing Sources:					
Operating Transfers In:					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$	\$	\$	\$	\$
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Undesignated Fund Balance	\$	\$	\$	\$	\$

STATISTICAL SECTION

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net Investment in Capital Assets	\$ (6,650,564)	\$ (12,697,942)	\$ 4,202,433	\$ 2,394,049	\$ 2,417,555	\$ 1,239,386	\$ 2,531,921	\$ 1,222,733	\$ (236,380)	\$ (698,426)
Restricted	14,398,647	19,582,087	842,703	2,087,092	2,186,240	2,006,486	1,111,144	1,052,483	920,920	961,828
Unrestricted	(7,762,564)	(6,648,633)	(6,330,384)	(1,784,221)	(1,581,023)	(1,635,105)	(1,730,013)	(1,217,991)	(1,709,426)	(1,455,526)
Total Governmental Activities Net Position	\$ (14,481)	\$ 235,512	\$ (1,285,248)	\$ 2,696,920	\$ 3,022,772	\$ 1,610,767	\$ 1,913,052	\$ 1,057,225	\$ (1,024,886)	\$ (1,192,124)
Business-Type Activities										
Net Investment in Capital Assets	\$ 17,994	\$ 20,111	\$ 39,310	\$ 38,498	\$ 39,874	\$ 34,986	\$ 25,826	\$ 16,139	\$ 20,857	\$ 24,753
Restricted										
Unrestricted	(4,132)			12,601	24,633	54,969	16,866	40,126	(4,948)	(7,410)
Total Business-Type Activities Net Position	\$ 13,862	\$ 20,111	\$ 39,310	\$ 51,099	\$ 64,507	\$ 89,955	\$ 42,692	\$ 56,265	\$ 15,909	\$ 17,343
District-wide Activities:										
Invested in Capital Assets, Net of Related Debt	\$ (6,632,570)	\$ (12,677,831)	\$ 4,241,743	\$ 2,432,547	\$ 2,457,429	\$ 1,274,372	\$ 2,557,747	\$ 1,238,872	\$ (215,523)	\$ (673,673)
Restricted	14,398,647	19,582,087	842,703	2,087,092	2,186,240	2,006,486	1,111,144	1,052,483	920,920	961,828
Unrestricted	(7,766,696)	(6,648,633)	(6,330,384)	(1,771,620)	(1,556,390)	(1,580,136)	(1,713,147)	(1,177,865)	(1,714,374)	(1,462,936)
	\$ (619)	\$ 255,623	\$ (1,245,938)	\$ 2,748,019	\$ 3,087,279	\$ 1,700,722	\$ 1,955,744	\$ 1,113,490	\$ (1,008,977)	\$ (1,174,781)

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities										
Instruction										
Regular	\$ 8,823,154	8,461,512	8,786,497	8,250,989	8,548,429	9,021,795	9,174,353	8,912,458	9,095,102	8,859,612
Special Education	2,505,567	2,706,249	2,601,154	2,666,345	2,569,675	2,484,988	2,447,378	2,474,232	2,535,103	2,300,124
Other Special Instruction	334,218	322,866	306,440	222,500	227,489	215,568	193,617	180,673	234,364	201,016
Other Instruction	1,205,322	1,163,229	1,034,293	1,050,172	937,070	1,088,855	1,227,484	1,184,051	1,025,926	950,046
Support Services										
Tuition	1,799,241	1,222,309	930,820	1,608,457	1,225,452	859,808	894,823	1,344,917	1,579,610	1,747,629
Student and Instruction Related Services	3,554,227	3,295,108	3,024,580	3,183,312	3,322,246	3,303,486	3,084,588	3,444,367	3,178,782	3,236,708
General and Business Administration	603,386	669,175	649,670	627,813	681,586	680,987	1,262,409	1,226,056	1,211,247	1,094,115
School Administrative Services	1,278,644	1,255,280	1,403,824	1,361,901	1,327,618	930,355	920,639	872,656	899,368	899,048
Central Services	410,757	419,505	389,746	374,769	381,669	365,581	358,838	349,523	340,326	331,562
Administrative Information Technology	201,139	244,064	218,615	249,148	310,434	331,290				
Plant Operations and Maintenance	2,675,206	2,802,953	2,277,076	3,112,268	2,843,147	2,895,403	2,732,052	2,567,790	2,527,592	2,732,083
Pupil Transportation	1,545,620	1,398,072	1,420,078	1,411,096	1,261,716	1,300,477	1,194,498	1,197,183	1,358,887	1,419,502
Other Support Services	15,956,422	12,221,353	6,753,509	7,292,506	7,308,903	6,428,462	6,198,514	6,174,499	5,827,638	7,063,274
Special Schools							2,308	108,750	72,682	101,362
Interest on Long-Term Debt	801,841	217,154	10,307	513	12,214	25,207	39,699	62,213	57,232	67,281
Unallocated Depreciation	99,361	80,275	354,211	308,453	260,016	248,000	213,586	201,483	183,795	198,903
Total Governmental Activities Expenses	41,794,105	36,477,104	30,160,820	31,720,242	31,217,664	30,180,262	29,944,786	30,300,851	30,127,654	31,202,265
Business-Type Activities										
Food Service	651,121	675,221	664,682	637,617	659,151	648,243	611,521	583,527	582,919	585,604
Total Business-Type Activities Expense	651,121	675,221	664,682	637,617	659,151	648,243	611,521	583,527	582,919	585,604
Total District Expenses	\$ 42,445,226	37,152,325	30,825,502	32,357,859	31,876,815	30,828,505	30,556,307	30,884,378	30,710,573	31,787,869
Program Revenues										
Governmental Activities										
Charges for Services - Instruction (Tuition)	\$ 598,423	604,953	614,946	592,269	644,753	673,440	761,469	748,761	640,372	488,187
Operating Grants and Contributions	2,949,400	2,927,881	2,879,293	3,408,167	3,684,433	3,134,513	3,028,881	3,999,932	3,410,593	4,676,135
Total Governmental Activities Prog Revenues	3,547,823	3,532,834	3,494,239	4,000,436	4,329,186	3,807,953	3,790,350	4,748,693	4,050,965	5,164,322
Business-Type Activities										
Charges for Services										
Food Service	315,910	328,832	345,167	355,732	368,799	410,109	351,712	386,030	385,132	439,480
Operating Grants and Contributions	328,962	318,978	290,717	268,477	264,903	278,725	242,880	237,853	196,531	213,042
Total Business-Type Activities Prog Revenues	644,872	647,810	635,884	624,209	633,702	688,834	594,592	623,883	581,663	652,522
Total District Program Revenues	\$ 4,192,695	4,180,644	4,130,123	4,624,645	4,962,888	4,496,787	4,384,942	5,372,576	4,632,628	5,816,844
Net (Expense)/Revenue										
Governmental Activities	\$ 38,246,282	32,944,270	26,666,081	(27,719,806)	(26,888,478)	(26,372,309)	(26,154,436)	(25,552,158)	(26,076,689)	(26,037,943)
Business-Type Activities	(6,249)	(27,411)	28,798	(13,408)	(25,449)	40,591	(16,929)	40,356	(1,256)	66,918
Total District-Wide Net Expense	\$ 38,240,033	32,916,859	26,694,879	(27,733,214)	(26,913,927)	(26,331,718)	(26,171,365)	(25,511,802)	(26,077,945)	(25,971,025)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 20,792,706	19,610,791	18,968,608	18,596,675	18,232,034	17,874,543	17,524,062	17,226,469	17,032,091	17,557,343
Taxes Levied for Debt Service				206,967	208,838	210,678	212,653	201,769	203,727	205,493
Unrestricted Grants and Contributions	16,705,692	14,353,051	8,917,099	8,643,567	8,625,509	8,678,128	7,914,969	9,141,616	8,719,315	8,301,357
Restricted Grants and Contributions				64,992		589,340	255,526			
Tuition Received	227,126	172,231	127,810	87,733	161,614	152,888	120,125	144,321	75,138	54,280
Transportation Fees from Individuals	39,003	32,989	58,571	55,705	59,014	57,801	57,110		76,823	80,147
Investment Earnings	29,094	16,714	3,679	3,611	5,569	8,169	9,726	11,749	39,797	134,223
Miscellaneous Income	202,668	300,924	176,275	27,709	353,234	394,969	292,267	133,460	173,835	138,546
Transfers		(11,937)	(17,009)							(50,000)
Fixed Asset Additions, Disposals, Prior Period Adjustments		(9,733)		886,076	559,514	(662,889)	343,647	605,445	(26,869)	31,465
Capital Lease Issued				(1,200,000)		(1,332,314)				(838,000)
Capital Lease Adjustment								213,358		
Compensated Absences (Increase)/reduction				20,919	95,157	98,711	280,177	(43,917)	(49,930)	112,592
Total Governmental Activities	37,996,289	34,465,030	28,235,033	27,393,954	28,300,483	26,070,024	27,010,262	27,634,270	26,243,927	25,727,446
Business-Type Activities										
Miscellaneous Income						5,009				
Fixed Asset Disposals and Prior Period Adjustments		(3,725)				1,464	3,357		(178)	
Transfers		11,937	17,009							
Total Business-Type Activities	-	8,212	17,009			6,473	3,357		(178)	
Total District-Wide	\$ 37,996,289	34,473,242	28,252,042	27,393,954	28,300,483	26,076,497	27,013,619	27,634,270	26,243,749	25,727,446
Change in Net Position										
Governmental Activities	\$ (249,993)	1,520,760	1,568,952	(325,852)	1,412,005	(302,285)	855,826	2,082,112	167,238	(310,497)
Business-Type Activities	(6,249)	(19,199)	(11,789)	(13,408)	(25,449)	47,064	(13,572)	40,356	(1,434)	66,918
Total District-Wide	\$ (256,242)	1,501,561	1,557,163	(339,260)	1,386,556	(255,221)	842,254	2,122,468	165,804	(243,579)

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 1,737,489	\$ 1,046,060	\$ 911,588
Unreserved								(276,773)	(238,144)	200,059
Restricted	1,140,329	539,944	1,137	77,650	79,089	99,189	222,964			
Assigned	141,238	488,588	1,403,984	667,455	1,495,183	133,860	706,024			
Unassigned	(135,250)	(197,144)	(389,220)	(442,214)	(212,450)	(165,361)	(156,957)			
Total General Fund	\$ 1,146,317	\$ 831,388	\$ 1,015,901	\$ 302,891	\$ 1,361,822	\$ 67,688	\$ 772,031	\$ 1,460,716	\$ 807,916	\$ 1,111,647
All Other Governmental Funds										
Assigned	\$	\$	\$ 88,706	\$	\$	\$	\$	\$	\$	\$
Unassigned, reported in:										
Special Revenue Fund				(86,697)	(79,059)	(78,660)	(74,232)	(74,412)	(71,996)	(168,930)
Capital Projects Fund	13,170,754	18,954,570		62,124	62,124	535,196	626,408	451,965	42,976	72,058
Debt Service Fund									8,749	8,750
Permanent Fund	88,721	88,720	13							
Total All Other Governmental Funds	\$ 13,259,475	\$ 19,043,290	\$ 88,719	\$ (24,573)	\$ (16,935)	\$ 456,536	\$ 552,176	\$ 377,553	\$ (20,271)	\$ (88,122)

Source: CAFR Schedule B-1

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Tax Levy	\$ 20,792,706	\$ 19,610,791	\$ 18,968,608	\$ 18,803,642	\$ 18,440,872	\$ 18,085,221	\$ 17,736,715	\$ 17,428,238	\$ 17,235,818	\$ 17,762,836
Tuition Charges	227,126	172,231	127,810	87,733	161,614	152,888	120,125	144,321	75,138	54,280
Transportation Charges	39,003	32,989	58,571	55,705	59,014	57,801	57,110		76,823	80,147
Interest Earnings	29,094	16,714	3,679	3,611	5,569	8,169	9,726	10	39,797	134,223
Miscellaneous	202,668	300,924	176,275	27,709	373,996	394,969	321,023	842,889	416,404	317,970
State Sources	12,662,364	12,742,683	11,555,209	11,167,790	11,394,253	11,146,578	10,169,491	9,949,755	10,853,862	12,012,370
Federal Sources	894,605	794,024	907,416	948,936	902,726	1,255,403	1,001,129	2,494,102	1,033,478	785,698
Total Revenues	34,847,566	33,670,356	31,797,568	31,095,126	31,338,044	31,101,029	29,415,319	30,859,315	29,731,320	31,147,524
Expenditures										
Instruction										
Regular Instruction	8,818,051	8,455,906	8,786,497	8,250,988	8,548,429	9,021,795	9,174,353	8,912,458	9,095,102	8,859,612
Special Education Instruction	2,504,837	2,705,519	2,601,154	2,666,345	2,569,676	2,484,988	2,447,378	2,474,232	2,535,102	2,300,124
Other Special Instruction	334,218	322,866	306,440	222,500	227,489	215,568	193,617	180,673	234,364	201,016
Other Instruction	531,701	519,059	481,560	467,418	468,408	438,538	439,223	484,591	437,457	460,264
Support Services										
Tuition	1,799,241	1,222,309	930,820	1,608,457	1,225,452	859,808	894,823	1,344,917	1,579,610	1,747,629
Student and Instruction Related Services	3,551,505	3,292,386	3,024,580	3,183,312	3,209,515	3,303,486	3,084,588	3,444,367	3,178,782	3,236,708
General Administration	595,906	661,695	649,670	627,813	681,586	680,987	611,374	617,705	637,145	557,040
School Administrative Services	1,278,644	1,255,280	1,403,824	1,361,901	1,327,618	1,295,935	1,279,476	1,222,180	1,239,694	1,230,610
Central Services	410,757	419,505	389,746	374,769	381,669	365,581	358,837	349,523	340,326	331,562
Administrative Information Technology	201,139	244,064	218,614	249,148	310,434	331,290	292,198	258,827	233,776	205,513
Plant Operations and Maintenance	2,569,927	2,696,540	2,576,717	3,112,268	2,843,147	2,529,822	2,732,052	2,567,790	2,723,021	3,200,079
Pupil Transportation	1,545,620	1,396,072	1,420,078	1,411,096	1,261,716	1,300,477	1,194,498	1,197,183	1,358,887	1,419,502
Employee Benefits	9,212,690	8,259,660	7,515,131	7,292,506	7,308,903	6,428,462	6,198,514	6,174,499	5,827,638	7,063,274
Special Schools										
Capital Outlay	21,118,034	4,337,500	1,864,831	2,706,628	625,047	2,002,278	917,673	578,652	248,953	898,065
Debt Service										
Principal				270,991	261,424	252,314	243,850	235,802	228,329	220,969
Interest and Other Charges				6,160	18,228	29,802	40,911	51,583	61,845	71,715
Total Expenditures	54,472,270	35,788,361	32,169,662	33,812,300	31,268,741	31,541,131	30,105,673	30,203,732	30,032,713	32,105,043
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,624,704)	(2,118,005)	(372,094)	(2,717,174)	69,303	(440,102)	(690,354)	655,583	(301,393)	(957,519)
Other Financing Sources (Uses)										
Bond Proceeds	14,725,000	20,900,000								
Proceeds from Capital Lease				1,178,748						
Capital Leases				1,200,000		1,332,314				838,000
Transfers In			8,538	1			325,516	1		
Transfers Out		(11,937)	(17,009)	(1)			(325,516)	(1)		(50,000)
Total Other Financing Sources (Uses)	14,725,000	20,888,063	(8,471)	2,378,748		1,332,314				788,000
Net Change in Fund Balances	\$ (4,899,704)	\$ 18,770,058	\$ (380,565)	(338,426)	\$ 69,303	\$ 892,212	\$ (690,354)	\$ 655,583	\$ (301,393)	\$ (169,519)
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.89%	0.91%	0.96%	0.98%	0.97%	0.97%	0.94%

Source: CAFR Schedule B-2

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investment</u>	<u>Transportation Fees</u>	<u>Solar Renewable Credits</u>	<u>Prior Year Tuition and Transportation</u>	<u>Prior Year Order Adjustments</u>	<u>ERATE</u>	<u>Miscellaneous</u>	<u>Total</u>
2017	\$ 227,126	\$ 2,751	\$ 39,003	\$ 67,404	\$ 38,614	\$ 14,146	56,425	26,089	\$ 471,558
2016	172,231	10,382	32,989	63,940	96,054	78,195		62,735	516,526
2015		3,669	58,571	44,480	91,003	28,601		12,200	238,524
2014	87,733	3,611	55,705					27,709	174,758
2013	161,614	5,569	59,014					373,996	600,193
2012	152,888	8,169	57,801					394,969	613,827
2011	120,125	9,726	57,110	73,656				218,327	478,944
2010	144,321	11,464						133,460	289,245
2009	75,138	39,797	76,823					173,310	365,068
2008	54,280	133,640	80,147					138,546	406,613

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities*	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate**
2017	\$ 22,034,897	\$ 722,771,132	\$ 10,397,400	\$ 1,582,200	\$ 105,785,300	\$ 151,114,500	\$ 29,860,100	\$ 1,043,545,529	\$ 1,517,052	\$ 1,045,062,581	\$ 980,683,704	2.11
2016	21,416,297	726,819,334	10,285,200	1,558,200	108,446,400	151,114,500	30,360,100	1,050,000,031	1,511,704	1,051,511,735	997,620,210	1.92
2015	21,897,997	729,661,534	10,492,000	1,562,200	126,578,900	153,447,700	29,973,300	1,073,613,631	1,539,239	1,075,152,870	1,115,270,411	1.80
2014	21,943,897	731,985,434	10,730,400	1,557,600	129,111,400	166,993,000	29,973,300	1,092,295,031	1,451,982	1,093,747,013	1,179,652,954	1.73
2013	22,701,800	733,533,934	10,992,200	1,685,200	132,021,500	166,993,000	30,560,300	1,098,487,934	1,813,332	1,100,301,266	1,232,034,873	1.69
2012	23,648,600	734,678,147	11,129,700	1,685,200	134,762,900	177,993,000	30,560,300	1,114,457,847	2,051,986	1,116,509,833	1,264,372,477	1.64
2011	21,956,000	741,079,700	11,909,600	1,734,900	147,404,300	202,993,000	32,747,600	1,159,825,100	2,592,983	1,162,418,083	1,412,292,003	1.56
2010	12,901,600	480,612,100	7,092,900	2,076,100	80,069,400	150,325,900	17,513,000	750,591,000	1,552,472	752,143,472	1,353,383,538	2.30
2009	13,368,800	478,692,500	6,828,900	2,082,600	80,085,400	150,160,900	17,513,000	748,732,100	1,635,282	750,367,382	1,171,277,265	2.30
2008	15,202,700	476,113,800	6,655,800	2,027,200	79,372,000	150,155,900	17,513,000	747,040,400	1,727,963	748,768,363	1,041,316,420	2.32

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

Source: District records Tax list summary & Municipal Tax Assessor

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

**Tax rates are per \$100

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

Township of Pennsville

Year Ended June 30,	District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate *	General Obligation Debt Service **	Total Direct School Tax Rate	Municipality	County	
2017	\$ 2.053	\$ 0.058	\$ 2.111	\$ 0.737	\$ 1.115	\$ 3.963
2016	1.924	0.000	1.924	0.698	1.005	3.627
2015	1.795	0.019	1.795	0.673	1.012	3.480
2014	1.709	0.019	1.727	1.600	0.864	4.191
2013	1.674	0.019	1.693	1.512	0.946	4.151
2012	1.617	0.019	1.636	1.450	0.940	4.026
2011	1.540	0.018	1.558	1.420	0.920	3.898
2010	2.277	0.027	2.304	1.340	0.870	4.514
2009	2.270	0.027	2.297	1.130	0.900	4.327
2008	2.280	0.040	2.320	2.120	1.730	6.170

Source: District Records and Municipal Tax Collector

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

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

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

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

<u>Taxpayer</u>	<u>2017</u>			<u>2008</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
The Chemours Company FC LLC	124,000,000	1	11.87%			
Siegfried USA, LLC	16,181,900	2	1.55%			
Calpine New Jersey Generation, LLC	10,932,600	3	1.05%			
Orchard Court Association	8,752,200	4	0.84%			
HP PVL LLC Et Al C/O Metro Prop.	8,000,000	5	0.77%			
Pennsville Hotel Corporation	6,500,000	6	0.62%			
Pennsville Acquisition, LLC	5,363,800	7	0.51%			
ACP Inc	4,754,900	8	0.45%			
Penn Norse, LLC	3,650,000	9	0.35%			
M & P Ree, LLC	3,606,600	10	0.35%			
Total	<u>\$ 191,742,000</u>		<u>18.35%</u>	<u>\$ -</u>		<u>0.00%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2017	\$ 20,792,706	\$ 20,792,706	100.00%	\$
2016	19,610,791	19,610,791	100.00%	
2015	18,968,608	18,968,608	100.00%	
2014	18,803,642	18,803,642	100.00%	
2013	18,440,872	18,440,872	100.00%	
2012	18,085,221	18,085,221	100.00%	
2011	17,736,715	17,736,715	100.00%	
2010	17,428,238	17,428,238	100.00%	
2009	17,235,818	17,235,818	100.00%	
2008	17,762,836	17,762,836	100.00%	

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Capital Leases			
2017	\$ 35,625,000	\$ 489,736	\$ 36,114,736	6.56%	830
2016	20,900,000	790,201	21,690,201	3.94%	501
2015		1,296,435	1,296,435	0.23%	30
2014		1,796,975	1,796,975	0.32%	42
2013	270,991	855,241	1,126,232	0.21%	85
2012	532,414	1,107,335	1,639,749	0.30%	123
2011	784,728		784,728	0.14%	59
2010	1,028,578	270,052	1,298,630	0.25%	98
2009	1,264,380	583,347	1,847,727	0.36%	138
2008	1,492,710	778,776	2,271,486	0.44%	170

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property*</u>	<u>Per Capita**</u>
2017	\$ 35,625,000	\$ 3.63%	\$ 2,833
2016	20,900,000	2.13%	1649
2015		0.00%	
2014		0.00%	
2013	270,991	0.02%	20
2012	532,414	0.05%	40
2011	784,728	0.07%	59
2010	1,028,578	0.14%	77
2009	1,264,380	0.17%	95
2008	1,492,710	2.00%	112

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Pensville Township	\$ 4,867,446		\$ 4,867,446
Salem County General Obligation Debt	39,534,364	20.94%	8,276,673
Subtotal, Overlapping Debt			<u>13,144,119</u>
District's Direct Debt			<u>35,625,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 48,769,119</u></u>

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

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

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

Local Debt Margin Calculation for Fiscal Year 2016:
 Equalized valuation basis:

2016	\$	984,869,872
2015		1,022,002,505
2014		1,073,192,210
		<u>3,080,064,587</u>

Average equalized valuation of taxable property	\$	1,026,688,196
Debt Limit (4% of average equalized value)*		41,067,528
Net Bonded Debt		35,625,000
Local Debt Margin	\$	<u>5,442,528</u>

Fiscal Year Ending June 30,

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt Limit	\$ 41,067,528	\$ 42,908,845	\$ 45,058,170	\$ 47,146,163	\$ 48,911,352	\$ 50,927,114	\$ 51,576,593	\$ 50,423,603	\$ 46,358,334	\$ 41,008,072
Total Net Debt Applicable to Limit	<u>35,625,000</u>	<u>20,900,000</u>			<u>270,991</u>	<u>532,414</u>	<u>784,728</u>	<u>1,028,578</u>	<u>1,264,380</u>	<u>1,492,710</u>
Legal Debt Margin	<u>\$ 5,442,528</u>	<u>\$ 22,008,845</u>	<u>\$ 45,058,170</u>	<u>\$ 47,146,163</u>	<u>\$ 48,640,361</u>	<u>\$ 50,394,700</u>	<u>\$ 50,791,865</u>	<u>\$ 49,395,025</u>	<u>\$ 45,093,954</u>	<u>\$ 39,515,362</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	86.75%	48.71%	0.00%	0.00%	0.55%	1.05%	1.52%	2.04%	2.73%	3.64%

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

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

EXHIBIT J-14

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

<u>Year</u>	<u>Population*</u>	<u>Personal Income (thousands of dollars)**</u>	<u>Per Capita Personal Income***</u>	<u>Unemployment Rate****</u>
2017	** 12,573	\$ 546,874,820	\$ 43,496	4.9%
2016	12,677	577,922,796	43,280	5.7%
2015	12,782	550,447,244	43,064	6.7%
2014	12,908	553,107,800	42,850	7.5%
2013	13,020	537,231,240	41,262	8.9%
2012	13,172	537,641,524	40,817	10.5%
2011	13,314	543,450,852	40,818	10.2%
2010	13,378	527,895,880	39,460	10.2%
2009	13,303	516,355,945	38,815	4.4%
2008	13,349	519,169,308	38,892	3.4%

Source:

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

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

***Per Capita personal income by municipality estimated based upon the census published by the U.S. Bureau of Economic Analysis.

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

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

TOWNSHIP OF PENNSVILLE

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
PSEG Nuclear	1,300	N/A	N/A	N/A
El duPont	1,250	N/A	N/A	N/A
Mannington Mills, Inc.	826	N/A	N/A	N/A
Memorial Hospital of Salem County	600	N/A	N/A	N/A
Atlantic City Electric	426	N/A	N/A	N/A
R.E. Pierson Construction	400	N/A	N/A	N/A
Anchor Glass	361	N/A	N/A	N/A
McLane NJ	352	N/A	N/A	N/A
Elmer Hospital	350	N/A	N/A	N/A
Wal-Mart	256	N/A	N/A	N/A
	<u>6,121</u>			

Source: Salem County Office of Development

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

N/A - Information not available

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

<u>Function/Program</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction										
Regular and Special Education	166.0	167.0	166.5	166.5	166.5	163.5	163.0	166.0	181.0	167.0
Other Special Education	35.0	34.0	33.0	33.0	33.0	36.0	36.0	38.0	38.0	32.0
Other Instruction	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	11.0
Support Services:										
Student & Instruction Related Services	15.0	15.0	15.0	15.0	15.0	16.0	16.0	16.0	12.0	17.0
General Administrative Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0
Other Administrative Services	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.0	6.0
School Administrative Services	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	20.0	18.0
Business Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Administrative Information Technology	4.5	4.5	4.5	4.5	4.5	4.0	4.0	4.0	3.0	3.0
Plant Operations and Maintenance	5.0	5.0	5.0	5.0	5.0	5.5	5.5	5.0	31.0	30.0
Total	<u>267.5</u>	<u>267.5</u>	<u>266.0</u>	<u>266.0</u>	<u>267.0</u>	<u>266.5</u>	<u>270.0</u>	<u>311.0</u>	<u>291.0</u>	<u>291.0</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures*	Cost Per Pupil	Percentage Change	Teaching Staff**	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)***	Average Daily Attendance (ADA)***	% Change in Average Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2017	1,787.0	\$ 53,560,382	\$ 29,972	62.78%	198	1 : 12	1 : 10	1 : 9	1,777.0	1,646.5	-2.55%	92.66%
2016	1,789.0	34,966,080	19,545	17.67%	198	1 : 12	1 : 10	1 : 9	1,756.0	1,675.5	-3.70%	95.41%
2015	1,790.0	31,259,846	17,464	5.14%	199	1 : 12	1 : 10	1 : 9	1,762.0	1,674.4	-3.37%	95.03%
2014	1,856.0	30,828,521	16,610	4.59%	199	1 : 12	1 : 9.7	1 : 9.3	1,823.5	1,738.9	-4.63%	95.36%
2013	1,912.0	30,364,042	15,881	6.01%	199	1 : 13	1 : 10.7	1 : 10.3	1,912.0	1,779.7	-2.10%	93.08%
2012	1,953.0	29,256,238	14,980	5.63%	198	1 : 15	1 : 10.6	1 : 8.9	1,953.0	1,838.7	4.80%	94.15%
2011	2,038.0	28,903,240	14,182	4.57%	198	1 : 12.3	1 : 11	1 : 8	1,863.6	1,757.3	-13.85%	94.30%
2010	2,163.1	29,337,695	13,563	-9.20%	206	1 : 12.3	1 : 11.2	1 : 9.2	2,163.1	2,032.2	14.60%	93.95%
2009	1,974.5	29,493,586	14,937	-1.07%	212	1 : 12.9	1 : 11.2	1 : 9.2	1,887.6	1,789.4	-7.81%	94.80%
2008	2,047.5	30,914,295	15,099	6.38%	201	1 : 13.3	1 : 11	1 : 10.2	2,047.5	1,849.3	-0.34%	90.32%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District Building										
Administrative Offices:										
Square Feet	42,096	42,096	42,096	42,096	42,096	42,096	42,096	42,096	42,096	42,096
Capacity (Students)										
Enrollment										
Elementary										
Central Park Elementary School (1956):										
Square Feet	34,960	34,960	34,960	34,960	34,960	34,960	34,960	34,960	34,960	34,960
Capacity (students)	419	419	419	419	419	419	419	419	419	419
Enrollment	281	267	241	259	306	274	259	259	251	257
Penn Beach Elementary School (1964):										
Square Feet	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330
Capacity (students)	514	514	514	514	514	514	514	514	514	514
Enrollment	244	262	282	265	272	294	326	326	365	388
Valley Park Elementary School (1969):										
Square Feet	61,132	61,132	61,132	61,132	61,132	61,132	61,132	61,132	61,132	61,132
Capacity (students)	526	526	526	526	526	526	526	526	526	526
Enrollment	297	283	303	323	305	295	321	321	318	320
Middle School										
Pennsville Middle School (1959)										
Square Feet	98,938	98,938	98,938	98,938	98,938	98,938	98,938	98,938	98,938	98,938
Capacity (students)	984	984	984	984	984	984	984	984	984	984
Enrollment	422	423	423	458	451	446	473	473	495	502
High School										
Pennsville Memorial High School										
Square Feet	158,426	158,426	158,426	158,426	158,426	158,426	158,426	158,426	158,426	158,426
Capacity (students)	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134
Enrollment	543	554	541	551	571	596	554	554	538	556

Number of Schools at June 30, 2017

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

Source: District records, ASSA

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

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

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District Office	42,096	\$ 5,482	\$ 7,257	\$ 4,327	\$ 17,775	\$ 31,886	\$ 3,715	\$ 49,630	\$ 8,005	\$ 15,353	\$ 28,568
Pennsville Memorial High School	158,426	20,631	97,866	58,350	239,675	177,323	45,447	32,550	52,048	97,311	118,760
Pennsville Middle School	98,938	12,884	18,964	11,307	46,444	65,066	36,179	16,449	26,405	25,268	71,151
Central Park Elementary School	34,960	4,553	16,908	10,081	41,407	46,334	840	29,143	3,955	5,411	6,728
Penn Beach Elementary School	36,330	4,731	50,130	29,889	58,860	29,860	17,401	117,913	28,878	37,431	30,463
Valley Park Elementary School	61,132	7,962	24,036	14,330	122,770	39,404	15,212	48,916	30,378	47,434	16,059
Total School Facilities		<u>56,243</u>	<u>215,161</u>	<u>128,284</u>	<u>526,931</u>	<u>389,873</u>	<u>118,794</u>	<u>294,601</u>	<u>149,669</u>	<u>228,208</u>	<u>271,729</u>
Grand Total		<u>\$ 56,243</u>	<u>\$ 215,161</u>	<u>\$ 128,284</u>	<u>\$ 526,931</u>	<u>\$ 389,873</u>	<u>\$ 118,794</u>	<u>\$ 294,601</u>	<u>\$ 149,669</u>	<u>\$ 228,208</u>	<u>\$ 271,729</u>

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
(UNAUDITED)

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

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

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

INDEPENDENT AUDITOR'S REPORT

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

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pennsville Township Board of Education's internal control over financial reporting 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 Pennsville Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pennsville Township Board of Education's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be material, labeled 2017-1

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, additional material weaknesses in internal control may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pennsville Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance 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 and are described in the accompanying schedule of findings and questioned costs as items labeled finding 2017-1.

Pennsville Township Board of Education's Response to Findings

Pennsville Township Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant

No. 915

November 6, 2017

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Pennsville Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Pennsville Township School District's major federal and state programs for the fiscal year ended June 30, 2017. The Pennsville Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of statutes, regulations, and the terms and conditions of its grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Pennsville Township Board of Education's major federal and state compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Pennsville Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Pennsville Township Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Pennsville Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Pennsville Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to major federal and state programs. In planning and performing our audit, we considered Pennsville Township Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pennsville Township School District Board of Education's internal control over compliance.

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

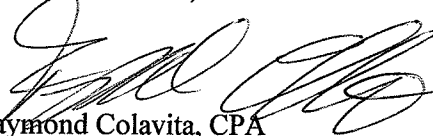
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 6, 2017. However, material weaknesses may exist that have not been identified.

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant

No. 915

November 6, 2017

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor / Program Title	CFDA Number	Federal FAIN Number	State Project Number	Grant Period From To	Program or Award Amount	June 30, 2016			Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Adjustment / Repayment of Prior Year Balance	June 30, 2017		
						Accounts Receivable	Deferred Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor
General Fund																
U.S. Department of Education: Passed-through State Department of Education Medical Assistance Program (SEMI)																
	93.778	1705NJ5MAP	N/A	7/1/16-6/30/17	\$ 58,264	\$	\$	\$ 58,264	\$ (58,264)	\$	\$ (58,264)	\$	\$	\$	\$	
Total General Fund																
Special Revenue Fund:																
U.S. Department of Education Passed-through State Department of Education: Special Revenue Fund:																
Title I - Part A																
	84.010A	S010A160030	NCLB407517	7/1/16-6/30/17	365,367			75,816	(257,075)		(257,075)			(181,259)		
Title I - Part A																
	84.010A	S010A150030	NCLB407516	7/1/15-6/30/16	320,817	(146,325)		253,476	(107,151)		(107,151)					
Title II A																
	84.367A	S367A160029	NCLB407517	7/1/16-6/30/17	62,675			9,435	(49,092)		(49,092)			(39,657)		
Title II A																
	84.367A	S367A150029	NCLB407516	7/1/15-6/30/16	60,160	(33,664)		60,160	(7,217)		(7,217)					
Title II A																
	84.367A	S367A140029	NCLB407515	7/1/14-6/30/15	60,479		900					(900)				
IDEA Cluster:																
I.D.E.A. Part B, Basic Regular																
	84.027	H027A160100	IDEA407517	7/1/16-6/30/17	525,528			142,054	(348,435)		(348,435)			(206,381)		
I.D.E.A. Part B, Basic Regular																
	84.027	H027A150100	IDEA407516	7/1/15-6/30/16	477,985	(414,169)		463,339	(49,170)		(49,170)					
I.D.E.A. Part B, Basic Regular																
	84.027	H027A140100	IDEA407515	7/1/14-6/30/15	462,666	(22,699)		22,699								
I.D.E.A. Preschool																
	84.173	H173A160114	IDEAPS407517	7/1/16-6/30/17	22,153			5,623	(16,511)		(16,511)			(10,888)		
I.D.E.A. Preschool																
	84.173	H173A150114	IDEAPS407516	7/1/15-6/30/16	20,266	(18,576)		20,266	(1,690)		(1,690)					
Total US Department of Education																
						(635,433)		900	1,033,589	(836,341)	(836,341)	(900)	(438,185)			
Enterprise Fund																
U.S. Dept. of Agriculture Passed-through State Dept. of Education: Child Nutrition Cluster:																
Cash Assistance:																
National School Lunch Program																
	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	235,379			171,168	(235,379)		(235,379)			(64,211)		
National School Lunch Program																
	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	227,754	(10,934)		10,934								
National School Breakfast Program																
	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	39,092			28,213	(39,092)		(39,092)			(10,879)		
National School Breakfast Program																
	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	38,091	(2,179)		2,179								
National School Snack Program																
	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	961			660	(961)		(961)			(301)		
Non-Cash Assistance:																
Food Distribution Program																
	10.565	Unknown	N/A	7/1/16-6/30/17	41,504			41,504	(33,470)		(33,470)				8,034	
Food Distribution Program																
	10.565	Unknown	N/A	7/1/15-6/30/16	48,011				(14,029)		(14,029)					
Total U.S. Department of Agriculture																
						(13,113)		14,029	254,658	(322,931)	(322,931)		(75,391)	8,034		
Total Federal Financial Awards																
						\$ (648,546)	\$ 14,029	\$ 900	\$ 1,346,511	\$ (1,217,536)	\$ (1,217,536)	\$ (900)	\$ (513,576)	\$ 8,034	\$	

(A) There were no awards passed through to subrecipients.

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2016		Cash Received	Budgetary Expenditures	Adjustment / Repayment of Prior Year Balance	June 30, 2017		MEMO	
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund - Current Expense:												
Equalization Aid	17-495-034-5120-078	\$ 7,412,374	7/1/16 to 6/30/17	\$	\$	\$ 6,722,658	\$ (7,412,374)	\$	\$ (689,716)	\$	\$ (689,716)	\$ 7,412,374
Equalization Aid	16-495-034-5120-078	7,416,252	7/1/15 to 6/30/16	(712,954)		712,954						
Special Education Categorical Aid	17-495-034-5120-089	1,010,823	7/1/16 to 6/30/17			916,767	(1,010,823)		(94,056)		(94,056)	1,010,823
Special Education Categorical Aid	16-495-034-5120-089	997,530	7/1/15 to 6/30/16	(95,896)		95,896						
School Choice Aid	17-495-034-5120-068	154,384	7/1/16 to 6/30/17			140,019	(154,384)		(14,365)		(14,365)	154,384
School Choice Aid	16-495-034-5120-068	115,788	7/1/15 to 6/30/16	(11,131)		11,131						
Security Aid	17-495-034-5120-084	67,439	7/1/16 to 6/30/17			61,164	(67,439)		(6,275)		(6,275)	67,439
Security Aid	16-495-034-5120-084	57,757	7/1/15 to 6/30/16	(5,552)		5,552						
Additional Adjustment Aid	17-495-034-5120-085	115,788	7/1/16 to 6/30/17			105,014	(115,788)		(10,774)		(10,774)	115,788
Additional Adjustment Aid	16-495-034-5120-085	115,788	7/1/15 to 6/30/16	(11,131)		11,131						
Transportation Aid	17-495-034-5120-014	134,088	7/1/16 to 6/30/17			121,611	(134,088)		(12,477)		(12,477)	134,088
Transportation Aid	16-495-034-5120-014	117,331	7/1/15 to 6/30/16	(11,279)		11,279						
PARCC Readiness Aid	17-495-034-5120-098	17,350	7/1/16 to 6/30/17			15,736	(17,350)		(1,614)		(1,614)	17,350
PARCC Readiness Aid	16-495-034-5120-098	17,350	7/1/15 to 6/30/16	(1,668)		1,668						
Per Pupil Growth Aid	17-495-034-5120-097	17,350	7/1/16 to 6/30/17			15,736	(17,350)		(1,614)		(1,614)	17,350
Per Pupil Growth Aid	16-495-034-5120-097	17,350	7/1/15 to 6/30/16	(1,668)		1,668						
Prof Learning Comm Aid	17-495-034-5120-101	16,775	7/1/16 to 6/30/17			15,214	(16,775)		(1,561)		(1,561)	16,775
Extraordinary Special Education Aid	17-495-034-5120-473	102,754	7/1/16 to 6/30/17			(102,754)			(102,754)		*	102,754
Extraordinary Special Education Aid	16-495-034-5120-473	64,160	7/1/15 to 6/30/16	(64,160)		64,160					*	
Homeless Aid	N/A	65,482	7/1/16 to 6/30/17				(65,482)		(65,482)		*	65,482
Homeless Aid	N/A	107,676	7/1/15 to 6/30/16	(107,676)		107,676					*	
Nonpublic Transportation aid	17-495-034-5120-014	2,436	7/1/16 to 6/30/17				(2,436)		(2,436)		*	2,436
Nonpublic Transportation aid	16-495-034-5120-014	2,895	7/1/15 to 6/30/16	(2,895)		2,895					*	
Reimbursed TPAF Social Security Contrib.	17-495-034-5094-003	918,573	7/1/16 to 6/30/17			873,493	(918,573)		(45,080)		*	918,573
Reimbursed TPAF Social Security Contrib.	16-495-034-5094-003	905,431	7/1/15 to 6/30/16	(62,306)		62,306					*	
				(1,088,316)		10,075,728	(10,035,616)		(1,048,204)		(832,452)	10,035,616
Special Revenue Fund:												
N.J. Nonpublic Aid:												
Textbook Aid	17-100-034-5120-064	8,992	7/1/16 to 6/30/17		564	8,992	(8,163)			829	*	8,163
Textbook Aid	16-100-034-5120-064	9,821	7/1/15 to 6/30/16					(564)			*	
Nursing Aid	17-100-034-5120-070	14,040	7/1/16 to 6/30/17			14,040	(13,525)			515	*	13,525
Technology Aid	17-100-034-5120-373	4,056	7/1/16 to 6/30/17			4,056	(4,039)			17	*	4,039
Technology Aid	16-100-034-5120-373	4,472	7/1/15 to 6/30/16		101			(101)			*	
Security Aid	17-100-034-5120-509	7,800	7/1/16 to 6/30/17			7,800				7,800	*	
Security Aid	16-100-034-5120-509	4,300	7/1/15 to 6/30/16		4,300			(4,300)			*	
Auxiliary Services:												
Compensatory Education Aid	17-100-034-5120-067	34,040	7/1/16 to 6/30/17			34,040	(32,159)			1,881	*	32,159
Compensatory Education Aid	16-100-034-5120-067	26,649	7/1/15 to 6/30/16		25,718			(25,718)			*	
ESL	16-100-034-5120-067	1,726	7/1/15 to 6/30/16		1,726			(1,726)			*	
Handicapped Services:												
Supplemental Instruction Aid	17-100-034-5120-066	5,493	7/1/16 to 6/30/17			5,493	(5,493)				*	5,493
Supplemental Instruction Aid	16-100-034-5120-066	8,911	7/1/15 to 6/30/16		370			(370)			*	
Examination & Classification Aid	17-100-034-5120-066	10,808	7/1/16 to 6/30/17			10,808	(7,927)			2,881	*	7,927
Examination & Classification Aid	16-100-034-5120-066	24,890	7/1/15 to 6/30/16		800			(800)			*	
Corrective Speech	17-100-034-5120-066	8,394	7/1/16 to 6/30/17			8,394	(4,241)			4,153	*	4,241
Corrective Speech	16-100-034-5120-066	4,682	7/1/15 to 6/30/16		1,505			(1,505)			*	
Total Special Revenue Fund					35,084	93,623	(75,547)	(35,084)		18,076		75,547
Capital Projects Fund:												
PMHS Fire Alarm Renovations	4075-050-14-1003	148,240	7/1/15 - Closing	(128,131)			(3,924)		(132,055)		*	3,924
PMHS Window/Transom Replacement	4075-050-14-1010	502,656	7/1/15 - Closing	(424,868)			(62,885)		(487,853)		*	62,885
Total Capital Projects Fund				(553,099)			(66,809)		(619,908)			66,809
State Department of Agriculture:												
Enterprise Fund												
National School Lunch Program (State Share)	17-100-010-3350-023	6,031	7/1/16 to 6/30/17			4,394	(6,031)		(1,637)		*	6,031
National School Lunch Program (State Share)	16-100-010-3350-023	5,964	7/1/15 to 6/30/16	(292)		292					*	
				(292)		4,686	(6,031)		(1,637)			6,031
Total State Financial Assistance Subject to OMB 15-08				\$ (1,641,707)	\$ 35,084	\$ 10,174,037	\$ (10,184,003)	\$ (35,084)	\$ (1,669,749)	\$ 18,076	\$ (832,452)	\$ 10,184,003
State Financial Assistance Not Subject to OMB 15-08:												
On-Behalf TPAF Pension Contribution	17-495-034-5095-002	1,342,898	7/1/16 to 6/30/17			\$ 1,342,898	(1,342,898)					
On-Behalf TPAF Post Retirement Medical	17-495-034-5095-001	1,118,939	7/1/16 to 6/30/17			1,118,939	(1,118,939)					
On-Behalf Long-term Disability	17-495-034-5095-004	3,728	7/1/16 to 6/30/17			3,728	(3,728)					
Total State Financial Assistance						\$ 12,639,602	\$ (12,649,568)					

See accompanying notes to schedules of financial assistance

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A., 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A., 18A:22-44.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$18,827 for the general fund and \$0 for the special revenue fund. See Note A (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 58,264	\$ 12,520,008	\$ 12,578,272
Special Revenue Fund	836,341	75,547	911,888
Food Service Fund	<u>322,931</u>	<u>6,031</u>	<u>328,962</u>
Total Awards & Financial Assistance	\$ <u>1,217,536</u>	\$ <u>12,601,586</u>	\$ <u>13,819,122</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

Pennsville Township School District had no outstanding State or federal loans at June 30, 2017.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 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 7: SCHOOLWIDE PROGRAM FUNDS

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

NOTE 8: MAJOR PROGRAMS

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

NOTE 9: ADJUSTMENTS

There were adjustments on Schedule of Federal Awards in the amount of \$900 from prior year balances and \$18,076 on State Aid, as reflected on Schedule A and Schedule B respectively.

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? X yes no
- 2) Significant deficiencies identified? yes X none reported

Noncompliance material to basic financial statements noted? X yes no

Federal Awards

Internal control over major programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? yes X no

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.027, 84.173	H027A160100 H173A160114	IDEA Cluster
84.367A 10.565	S367A160029 Unknown	Title II A Food Distribution Program

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

Auditee qualified as low-risk auditee? yes X no

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

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

State Awards

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

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

Internal control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 _____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
17-495-034-5120-078	Equalization Aid
17-495-034-5120-089	Special Education Categorical Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-085	Additional Adjustment Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-068	School Choice Aid
17-495-034-5120-014	Transportation Aid
17-495-034-5094-003	Reimbursed TPAF SSC Contributions

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

Section II - Financial Statement Findings

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

Finding: 2017-1

Criteria or specific requirement:

N.J.S.A. 18A:22-8 requires budget transfer resolutions to be reflected in the Board Minutes. In addition, Executive County Superintendent should be requested for any transfer to an advertised administrative account that is cumulatively more than 10 percent of that amount.

Condition:

Transfers regarding payroll agency were inadvertently omitted from the approved transfer resolution and exceeded ten percent of the total original budget without Executive County Superintendent approval.

Context:

Certain budget transfer resolutions did not align with transfer activity within the District Budget and Executive County Superintendent approval was not obtained for transfers exceeding percent of the original budget.

Effect:

Internal control was not adequate over the budget transfers.

Cause:

A necessary internal control procedure over the review and recording of budget transfers was not conducted during the 2016-17 School year.

Recommendation:

Procedures to record and approve budget transfers should be revised, in order to assure all transfers are reflected in the transfer resolution. In addition, Executive County Superintendent should be requested for any transfer to an advertised administrative account that is cumulatively more than 10 percent of that amount.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

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

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

FEDERAL AWARDS N/A

- Finding:**
- Information on the federal program:**
- Criteria or specific requirement:**
- Condition:**
- Questioned Costs:**
- Context:**
- Effect:**
- Cause:**
- Recommendation:**
- Management's response:**

STATE AWARDS N/A

- Finding:**
- Information on the state program:**
- Criteria or specific requirement:**
- Condition:**
- Questioned Costs:**
- Context:**
- Effect:**
- Cause:**
- Recommendation:**
- Management's response:**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.