

PINELANDS REGIONAL SCHOOL DISTRICT

Little Egg Harbor, New Jersey
County of Ocean

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

PINELANDS REGIONAL SCHOOL DISTRICT

LITTLE EGG HARBOR, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Pinelands Regional School District
Business Administrator's Office**

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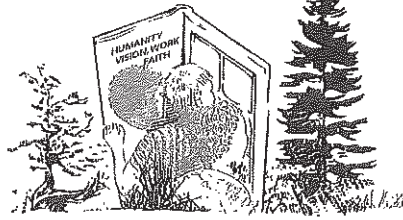
INTRODUCTORY SECTION

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PINELANDS REGIONAL SCHOOL DISTRICT

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Little Egg Harbor, NJ 08087-0248

Telephone (609) 296-3106
FAX (609) 294-9519



CHERYL STEVENSON, Ed. D.
Acting Superintendent

STEPHEN J. BRENNAN, M.B.A., C.P.A.
*Business Administrator/
Board Secretary*

January 30, 2018

Honorable President and Members
of the Board of Education
Pinelands Regional School District
County of Ocean, New Jersey

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Pinelands Regional School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Pinelands Regional School District. 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, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

The Comprehensive Annual Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions 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’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Pinelands Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular, vocational as well as special education for children with special needs, adult education programs and school based youth services. The School District’s enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,586	0.57%
2015-2016	1,577	-3.55%
2014-2015	1,635	-0.67%
2013-2014	1,646	-5.94%
2012-2013	1,750	-1.74%
2011-2012	1,781	-2.36%
2010-2011	1,824	-2.46%
2009-2010	1,870	0.00%
2008-2009	1,870	-1.99%
2007-2008	1,908	0.53%

ECONOMIC CONDITION AND OUTLOOK

Pinelands Regional School District encompasses 147.7 square miles and is bordered by the municipalities of Washington Township and Woodland Township (Burlington County), Port Republic and Galloway Township (Atlantic County), and Stafford Township (Ocean County). The regional district is part of Burlington and Ocean Counties and is served by major transportation routes included the Garden State Parkway, Routes 9, 72, and 539. Governed by a nine-member Board of Education elected to serve alternating three year terms, the District is administered by a Superintendent of Schools, two Principals, a Board Secretary/School Business Administrator, four Assistant Principals, Directors and Supervisors.

The District currently operates a 10/12 High School and a 7/9 Junior High School. It embarked on an energy savings project in the Spring 2016 with an expected completion date in 2018. It will

enable the District to upgrade aged building systems with more energy efficient equipment. The District successfully passed a \$53 million referendum to implement much needed infrastructure repairs and upgrades. Construction began in June 2016 with an expected completion date in 2019

The District has recently experienced a slight decline in enrollment after several years of stability. However, lack of adequate state funding, burdensome regulation, state mandates and a large special education population continue to strain the resources of the District. However, due to prudent budgetary management, the District has been able to channel limited resources into programs for students from special education, to gifted and talented and advanced placement.

The economic outlook for the District financing continued to depend primarily on the ability and willingness of the Governor and State Legislature to provide funding for education, and the support of the local community in passing the District's budget to provide tax revenues.

The District cannot predict funding from the State and revenues from all other sources with any degree of certainty. Key factors that contribute to potential shortfalls include:

- Reduction of State Aid
- Lack of additional State Aid
- The cost of administering increasing state mandates and regulations, and
- The cost of meeting NCLB requirements.

In an effort to minimize property tax increases, the District continues to operate efficiently and aggressively seek cost savings in areas that do not impact the quality of programs.

MAJOR INITIATIVES

Despite the unrelenting pressure caused by inadequate financial support, the District continues its commitment to its primary goal of a free public education in the maximum development of each youngster's habits of acquiring, using and enjoying knowledge, so that he/she may develop a well-rounded, contributing member of our diverse world. To reinforce this commitment, the District is directing its efforts and resources toward the following:

- (a) Asset adjustments to provide academic services to a changing student body.
- (b) An aggressive campaign to achieve cost reduction where possible.
- (c) A coordinated effort to provide for the taxpayers and students of the affected communities.

The District embarked on a major capital improvement plan in June 2017 to address the failing educational environment. The upgrades should bring needed climate control, energy efficiencies safety and security to the school buildings.

INTERNAL ACCOUNTING CONTROLS

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general accepted accounting principles (GAAP). The internal control structure is

designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the School 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 included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

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

FINANCIAL POLICIES

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accountants, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative*

Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.


ACKNOWLEDGEMENTS

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

Respectfully submitted,



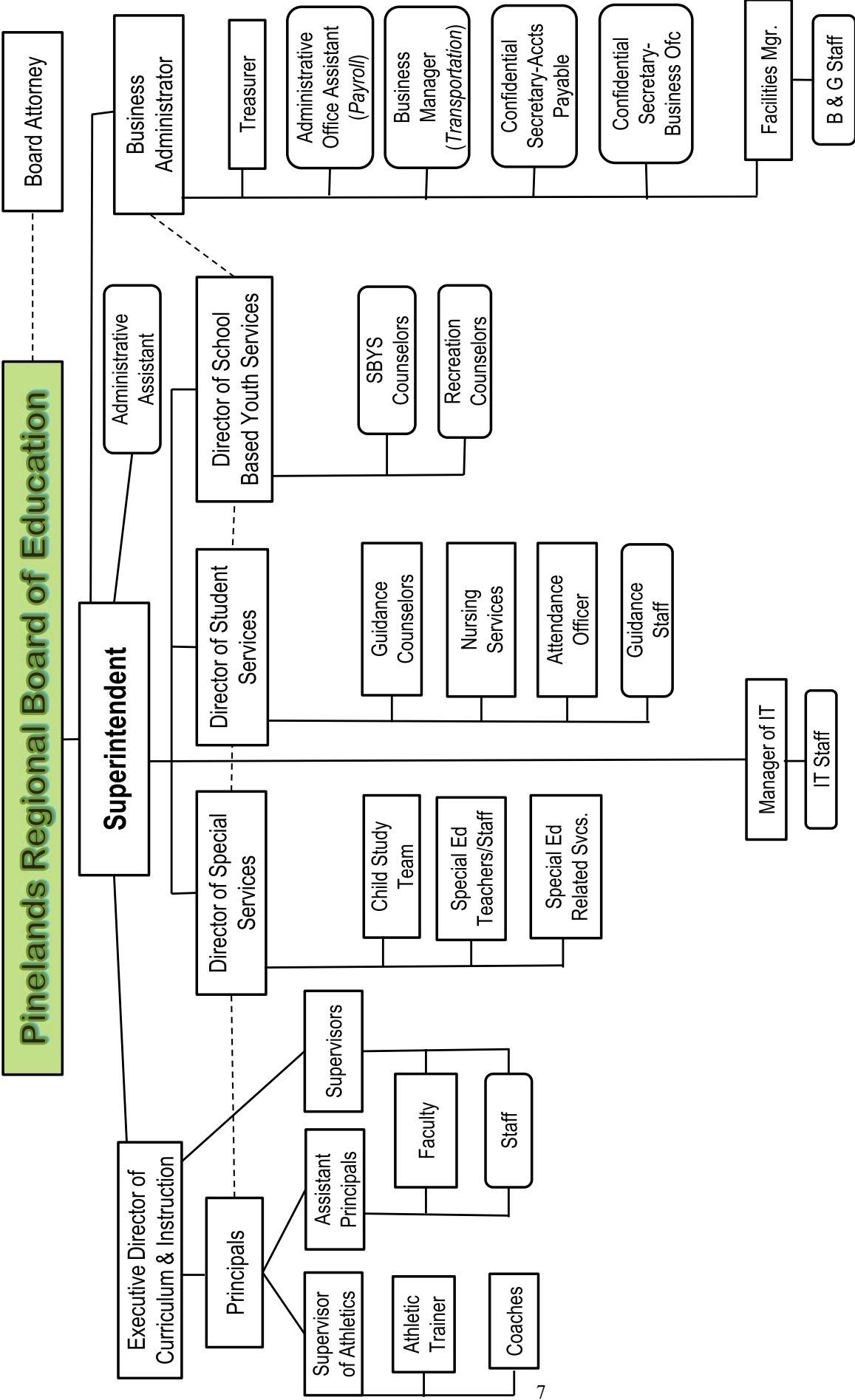
Superintendent



School Business Administrator/Board Secretary

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Pinelands Regional Board of Education



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PINELANDS REGIONAL SCHOOL DISTRICT
Little Egg Harbor, New Jersey 08087

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Susan M. Ernst, President	2019
Betti Anne McVey, Vice President	2019
Ann McDonald	2017
Jeffrey Bonicky	2017
Stephen Kubricki	2019
Patricia Chambers	2018
Kim Hanadel	2017
Karen Poklikuha	2018
Thomas Williams	2018

OTHER OFFICIALS

Dr. Maryann Banks, Interim Superintendent (Resigned effective December 15, 2017)

Stephen J. Brennan, MBA, CPA, Business Administrator/Board Secretary

Chris Mullins, Treasurer of School Monies

PINELANDS REGIONAL SCHOOL DISTRICT
Board of Education
Little Egg Harbor, New Jersey 08087

CONSULTANTS AND ADVISORS

ATTORNEY

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Amy Elco, Esq.
Cooper Levenson, P.A.
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Atlantic City, NJ 08401

AUDIT FIRM

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Holman Frenia Allison, P. C.
680 Hooper Avenue, Building B, Suite 201
Toms River, New Jersey 08753

OFFICIAL DEPOSITORY

Ocean First Bank
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Toms River, New Jersey 08753

FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Pinelands Regional School District
County of Ocean
Little Egg Harbor, 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 Pinelands Regional School District, County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pinelands Regional School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules 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 other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting

statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2018 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a stylized flourish at the end.

Rodney R. Haines
Certified Public Accountant
Public School Accountant, No. 2198

Toms River, New Jersey
January 30, 2018

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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PINELANDS REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

As management of the Pinelands Regional School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund, Interlocal Agreements Fund and Community Education Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

PINELANDS REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's three enterprise funds (Food Service Fund, Interlocal Agreements Fund and Community Education Fund) are listed individually and are considered to be major funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

PINELANDS REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole

Table 1 on the following page provides a summary of the School Districts net position for the fiscal years 2017 compared to fiscal year 2016.

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 7,849,971	\$ 7,864,499	\$ (14,528)	-0.2%
Capital Assets, Net	25,618,820	21,251,196	4,367,624	20.6%
Total Assets	<u>33,468,791</u>	<u>29,115,695</u>	4,353,096	15.0%
Deferred Outflow of Resources	<u>5,441,773</u>	2,162,765	3,279,008	151.6%
Current and other Liabilities	3,867,564	1,172,453	2,695,111	229.9%
Noncurrent Liabilities	<u>32,161,101</u>	26,840,581	5,320,520	19.8%
Total Liabilities	<u>36,028,665</u>	<u>28,013,034</u>	8,015,631	28.6%
Deferred Inflow of Resources	<u>-</u>	187,890	(187,890)	-100.0%
Net Position:				
Net Investment in Capital Asset	11,229,410	13,383,730	(2,154,320)	-16.1%
Restricted	4,069,462	5,705,565	(1,636,103)	-28.7%
Unrestricted (Deficit)	<u>(12,416,973)</u>	<u>(16,011,759)</u>	3,594,786	-22.5%
Total Net Position	<u>\$ 2,881,899</u>	<u>\$ 3,077,536</u>	\$ (195,637)	-6.4%

PINELANDS REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 495,902	\$ 526,395	\$ (30,493)	-5.8%
Operating Grants & Contributions	1,949,178	8,127,578	(6,178,400)	-76.0%
General Revenues:				
Property Taxes	19,749,219	19,458,808	290,411	1.5%
Federal & State Aid Not Restricted	15,332,570	12,361,654	2,970,916	24.0%
Federal & State Aid Restricted	708,175	-	708,175	-100.0%
Other General Revenues	52,705	16,589	36,116	217.7%
Total Revenues	<u>38,287,749</u>	<u>40,491,024</u>	<u>(2,203,275)</u>	-5.4%
Function/Program Expenditures:				
Instruction	13,276,731	13,422,279	(145,548)	-1.1%
Tuition	693,074	957,179	(264,105)	-27.6%
Student & Instruction Related Services	3,930,411	4,214,897	(284,486)	-6.7%
General Administrative	651,163	567,928	83,235	14.7%
School Administrative Services	1,249,229	1,264,277	(15,048)	-1.2%
Central Services	355,936	-	355,936	-100.0%
Plant Operations & Maintenance	3,081,300	2,576,317	504,983	-100.0%
Pupil Transportation	2,010,851	2,131,409	(120,558)	-5.7%
Business & Other Support Services	-	362,091	(362,091)	-100.0%
Unallocated Benefits	10,817,508	12,032,970	(1,215,462)	-10.1%
Special Schools	6,884	3,486	3,398	97.5%
Transfer to Charter Schools	23,197	-	23,197	100.0%
Interest & Other Charges	241,513	326,011	(84,498)	-25.9%
Unallocated Depreciation	1,125,567	1,158,241	(32,674)	-2.8%
Unallocated Adjustment on Fixed Asse	-	402,102	(402,102)	-100.0%
Food Service	957,025	940,551	16,474	1.8%
Community Education	20,061	21,142	(1,081)	-5.1%
Interlocal Services	42,936	44,809	(1,873)	-4.2%
Total Expenditures	<u>38,483,386</u>	<u>40,425,689</u>	<u>(1,942,303)</u>	-4.8%
Change In Net Position	(195,637)	65,335	(260,972)	-399.4%
Net Position - Beginning	3,077,536	3,012,201	65,335	2.2%
Net Position - Ending	<u>\$ 2,881,899</u>	<u>\$ 3,077,536</u>	<u>\$ (195,637)</u>	-6.4%

PINELANDS REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Activities

During the fiscal year 2017, the net position of governmental activities decreased by \$148,705 or 6.36%. The primary reason for the decrease was the District's reliance on surplus to fund operating activities.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$2,347,553, with an unrestricted deficit balance of \$12,913,918. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$ (12,913,918)
Add back: PERS Pension Liability	15,856,522
Less: Deferred Outflows related to pensions	(5,161,306)
Add back: Deferred Inflows related to pensions	-
Unrestricted Net Position (Without GASB 68)	\$ (2,218,702)

Business-type Activities

During the fiscal year 2017, the net position of business-type activities decreased by \$46,932 or 8.07%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$534,346.

General Fund Budgeting Highlights

Final budgeted revenues was \$30,620,956 which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$42,288.

Final budgeted appropriations was \$31,651,850 which was an increase of \$142,184 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$1,034,785.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$2,631,105 at June 30, 2017, an increase of \$306,470 from the prior year.

PINELANDS REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$4,123,115, a decrease of \$2,188,604 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$309,778 to \$1,520,963 at June 30, 2017, compared to an increase of \$257,052 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Attrition in personnel
- Efficient transportation system
- A more positive trend in out of district placements

Special revenue fund – There was no change in the fund balance for the special revenue fund.

Capital projects fund - During the current fiscal year, the fund balance of the School District's capital projects fund decreased by \$2,498,382 to \$2,602,152 at June 30, 2017, compared to an increase of \$5,100,534 in fund balance in the prior fiscal year. The primary factor affecting the change in fund balance of the capital projects fund related to the District's \$5 million Energy Savings Improvement Plan (ESIP)

Debt service fund – There was no change in the fund balance for the debt service fund.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund decreased by \$105,335 to \$211,276 at June 30, 2017, compared to a decrease of \$11,392 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position of the food service fund related to salary costs of the contracted food service management company. This translated into less than expected guaranteed profit.

Community education fund - During the current fiscal year, the net position of the School District's community education fund increased by \$4,729 to \$30,830 at June 30, 2017, compared to an increase of \$8,024 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position is as follows include offering summer recreation opportunities at reasonable prices for an area with a relatively low socioeconomic.

Interlocal services fund - During the current fiscal year, the net position of the School District's interlocal services fund increased by \$53,674 to \$292,240 at June 30, 2017, compared to an increase of \$50,534 in fund balance in the prior fiscal year. This represents primarily stable income for the services provided to the constituent districts of Pinelands Regional

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$25,618,820 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements and equipment The School Districts "Net Investment in Capital Assets" component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net increase in the School District's investment in capital assets for the current fiscal year in the amount of \$6,212,070. This increase is primarily due to

PINELANDS REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

current year construction related to the District's Energy Savings Improvement Plan (ESIP). Table 4 shows fiscal 2017 balances compared to 2016.

Table 4
Summary of Capital Assets

<u>Capital Assets (Net of Depreciation):</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 412,912	\$ 412,912	\$ -	0.0%
Construction in Progress	5,741,477	330,468	5,411,009	1637.4%
Land Improvements	1,329,983	1,329,983	-	0.0%
Building and Improvements	38,484,548	38,484,548	-	0.0%
Machinery & Equipment	1,944,610	1,844,446	1,944,610	105.4%
Capital Assets, Gross	47,913,530	42,402,357	7,355,619	17.3%
Accumulated Depreciation	(22,294,710)	(21,151,161)	(1,143,549)	5.4%
Capital Assets, Net	<u>\$ 25,618,820</u>	<u>\$ 21,251,196</u>	<u>\$ 6,212,070</u>	29.2%

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$5,393,000, which is a decrease of \$1,235,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Factors on the School District's Future

The Pinelands Regional School District is presently in stable financial condition. The School District is proud of its community support of the public schools.

Pinelands Regional School District's budget for the 2017-2018 school year reflects prudent expenditure reduction in cooperation with its constituent municipalities.

The District's enrollment has leveled off, and now the District is concentrating its resources in the academic areas to meet the requirements of New Jersey Student Learning Standards, ESSA and the State mandated QSAC program. The District will embark on a \$53 million capital project that includes much need infrastructure upgrades to the learning environment.

PINELANDS REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

The lack of governmental aid, the State's constraints on municipal tax levies to support the budget and the State's increasing demands on school districts continue to place financial pressure on the District.

The Pinelands Regional School District maintains its commitment to financial excellence and will continue to strive to maximize the use of limited funds by careful budget management and identifying cost savings opportunities. The School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stephen Brennan, School Business Administrator/Board Secretary at Pineland Regional School District, 520 Nugentown Road, Little Egg Harbor, NJ, 08087.

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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PINELANDS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 2,853,640	\$ 1,389,938	\$ 4,243,578
Receivables, Net (Note 4)	812,041	91,332	903,373
Inventory	-	9,874	9,874
Internal Balances	978,193	(978,193)	-
Restricted Assets			
Cash & Cash Equivalents	2,693,146	-	2,693,146
Capital Assets, Net (Note 5)			
Non-depreciable	6,154,389	-	6,154,389
Depreciable	19,427,030	37,401	19,464,431
	<hr/>	<hr/>	<hr/>
Total Assets	32,918,439	550,352	33,468,791
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	5,161,306	-	5,161,306
Related to Loss on Debt Refunding	280,467	-	280,467
	<hr/>	<hr/>	<hr/>
Total Deferred Outflow of Resources	5,441,773	-	5,441,773
LIABILITIES:			
Accounts Payable	2,880,678	-	2,880,678
Due to Other Governments	723,887	-	723,887
Unearned Revenue	16,897	16,006	32,903
Accrued Interest	152,781	-	152,781
Accrued Salaries and Wages	77,315	-	77,315
Noncurrent Liabilities (Note 7):			
Due within one year	4,714,401	-	4,714,401
Due in more than one year	27,446,700	-	27,446,700
	<hr/>	<hr/>	<hr/>
Total Liabilities	36,012,659	16,006	36,028,665
NET POSITION:			
Net Investment in Capital Assets	11,192,009	37,401	11,229,410
Restricted for:			
Capital Projects	2,837,720	-	2,837,720
Emergency Reserve	469	-	469
Maintenance Reserve	643	-	643
Excess Surplus	1,230,630	-	1,230,630
Unrestricted Net Position/(Deficit)	(12,913,918)	496,945	(12,416,973)
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 2,347,553	\$ 534,346	\$ 2,881,899

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

**PINELANDS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 8,225,039	\$ -	\$ -	(8,225,039)	\$ -	\$ -	(8,225,039)
Special Education Instruction	3,925,036	-	874,119	(3,050,917)	-	-	(3,050,917)
Other Instruction	1,126,656	-	-	(1,126,656)	-	-	(1,126,656)
Support Services:							
Tuition	693,074	-	-	(693,074)	-	-	(693,074)
Student & Instruction Related Services	3,930,411	-	597,872	(3,332,539)	-	-	(3,332,539)
General Administrative	651,163	-	-	(651,163)	-	-	(651,163)
School Administrative Services	1,249,229	-	-	(1,249,229)	-	-	(1,249,229)
Central Services	355,936	-	-	(355,936)	-	-	(355,936)
Plant Operations & Maintenance	3,081,300	-	-	(3,081,300)	-	-	(3,081,300)
Pupil Transportation	2,010,851	-	-	(2,010,851)	-	-	(2,010,851)
Employee Benefits	10,817,508	-	-	(10,817,508)	-	-	(10,817,508)
Special Schools	6,884	-	-	(6,884)	-	-	(6,884)
Transfer to Charter Schools	23,197	-	-	(23,197)	-	-	(23,197)
Interest & Other Charges	241,513	-	-	(241,513)	-	-	(241,513)
Unallocated Depreciation	1,125,567	-	-	(1,125,567)	-	-	(1,125,567)
Total Governmental Activities	37,463,364	-	1,471,991	(35,991,373)	-	-	(35,991,373)
Business-Type Activities:							
Food Service	957,025	374,502	477,188	-	(105,335)	(105,335)	
Community Education	20,061	24,790	-	-	4,729	4,729	
Interlocal Services	42,936	96,610	-	-	53,674	53,674	
Total Business-Type Activities	1,020,022	495,902	477,188	-	(46,932)	(46,932)	
Total Primary Government	\$ 38,483,386	\$ 495,902	\$ 1,949,179	(35,991,373)	(46,932)	(36,038,305)	
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes				18,987,748	-	18,987,748	
Property Taxes, Levied for Debt Service				761,473	-	761,473	
Federal & State Aid Restricted				708,175	-	708,175	
Federal & State Aid Not Restricted				15,332,570	-	15,332,570	
Tuition Charges				29,604	-	29,604	
Miscellaneous				22,693	-	22,693	
Special Items:				405	-	405	
Proceeds from Premium on Bond Anticipation Notes				-	-	-	
Total General Revenues and Special Items				35,842,668	-	35,842,668	
Change In Net Position				(148,705)	(46,932)	(195,637)	
Net Position - Beginning				2,496,258	581,278	3,077,536	
Net Position - Ending				\$ 2,347,553	\$ 534,346	\$ 2,881,899	

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

B. Fund Financial Statements

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Governmental Funds

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**PINELANDS REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL
Cash & Cash Equivalents	\$ 1,137,853	\$ -	\$ 2,185,513	\$ 3,323,366
Interfunds Receivable	983,775	-	199,595	1,183,370
Receivables from Other Governments	297,325	509,134	-	806,459
Restricted Cash & Cash Equivalents	236,680	-	-	236,680
Restricted Cash held by Trustee	-	-	2,456,466	2,456,466
Total Assets	<u>\$ 2,655,633</u>	<u>\$ 509,134</u>	<u>\$ 4,841,574</u>	<u>\$ 8,006,341</u>
 LIABILITIES & FUND BALANCES				
Liabilities:				
Cash Overdraft	\$ -	\$ 469,726	\$ -	\$ 469,726
Accounts Payable	611,575	29,088	2,239,422	2,880,085
Interfund Payables	200,188	-	-	200,188
Payable to Other Governments	239,015	-	-	239,015
Accrued Salaries & Wages	77,315	-	-	77,315
Unearned Revenue	6,577	10,320	-	16,897
Total Liabilities	<u>1,134,670</u>	<u>509,134</u>	<u>2,239,422</u>	<u>3,883,226</u>
 Fund Balances:				
Restricted for:				
Capital Reserve	235,568	-	-	235,568
Maintenance Reserve	643	-	-	643
Emergency Reserve	469	-	-	469
Capital Projects	-	-	2,602,152	2,602,152
Excess Surplus	705,769	-	-	705,769
Excess Surplus Designated for Subsequent Year's Expenditures	524,861	-	-	524,861
Assigned Fund Balance:				
Designated for Subsequent Year's Expenditures	53,653	-	-	53,653
Total Fund Balances	<u>1,520,963</u>	<u>-</u>	<u>2,602,152</u>	<u>4,123,115</u>
Total Liabilities & Fund Balances	<u>\$ 2,655,633</u>	<u>\$ 509,134</u>	<u>\$ 4,841,574</u>	

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 \$47,424,571 and the accumulated depreciation is \$21,843,152.	25,581,419
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	5,161,306
Deferred Outflow related to the loss on bond refunding of debt	280,467
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(152,781)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(484,872)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(32,161,101)</u>
Net Position of Governmental Activities	<u>\$ 2,347,553</u>

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

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

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 18,987,748	\$ -	\$ -	\$ 761,473	\$ 19,749,221
Tuition	29,604	-	-	-	29,604
Interest Earned on Capital Reserves	3,815	-	-	-	3,815
Miscellaneous	6,251	9,136	12,627	-	28,014
Total Local Sources	19,027,418	9,136	12,627	761,473	19,810,654
State Sources	15,224,741	493,945	-	708,175	16,426,861
Federal Sources	107,829	968,910	-	-	1,076,739
Total Revenues	34,359,988	1,471,991	12,627	1,469,648	37,314,254
Expenditures:					
Current Expense:					
Regular Instruction	8,321,969	-	-	-	8,321,969
Special Education Instruction	3,050,917	874,119	-	-	3,925,036
Other Special Instruction	1,126,656	-	-	-	1,126,656
Support Services:					
Tuition	693,074	-	-	-	693,074
Student & Instruction Related Services	3,332,539	597,872	-	-	3,930,411
School Administrative Services	1,249,229	-	-	-	1,249,229
General Administrative	651,163	-	-	-	651,163
Plant Operations & Maintenance	3,199,534	-	-	-	3,199,534
Pupil Transportation	2,010,851	-	-	-	2,010,851
Central Services	355,936	-	-	-	355,936
Employee Benefits	9,821,801	-	-	-	9,821,801
Special Schools	6,884	-	-	-	6,884
Transfer to Charter School	23,197	-	-	-	23,197
Debt Service:					
Principal	-	-	-	1,235,000	1,235,000
Interest & Related Costs	6,865	-	-	234,648	241,513
Capital Outlay	400,000	-	5,411,009	-	5,811,009
Total Expenditures	34,250,615	1,471,991	5,411,009	1,469,648	42,603,263
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	109,373	-	(5,398,382)	-	(5,289,009)
Other Financing Sources/(Uses):					
Capital Leases Proceeds	400,000	-	-	-	400,000
Transfer Capital Project Fund	405	-	(405)	-	-
Transfer Capital Reserve	(200,000)	-	200,000	-	-
Proceeds from Premium on Bond Anticipation Note	-	-	405	-	405
Proceeds from Bond Anticipation Note	-	-	2,700,000	-	2,700,000
Total Other Financing Sources/(Uses)	200,405	-	2,900,000	-	3,100,405
Excess/(Deficiency) of Revenues & Other Financing Sources Over/ (Under) Expenditures & Other Financing Uses	309,778	-	(2,498,382)	-	(2,188,604)
Fund Balances, July 1	1,211,185	-	5,100,534	-	6,311,719
Fund Balances June 30	\$ 1,520,963	\$ -	\$ 2,602,152	\$ -	\$ 4,123,115

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

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

Total Net Changes in Fund Balances - Governmental Funds (B-2) \$ (2,188,604)

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

When capital outlays and other adjustments exceed depreciation, the difference is an addition in the reconciliation (+); when depreciation and other adjustments exceed capital outlays the difference is a reduction to the reconciliation (-)

	Depreciation Expense	\$ (1,136,509)	
	Capital Outlays	<u>5,511,173</u>	4,374,664

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (1,159,178)

Repayment of long-term debt principal and obligation of lease purchase agreements are 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. 1,750,000

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

	Bond Anticipation Notes	(2,700,000)	
	Capital lease proceeds	<u>(400,000)</u>	(3,100,000)

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

	Amortization of premium on bonds	36,401	
	Amortization of loss on Bond Refunding	<u>(29,188)</u>	7,213

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+). 3,729

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 (+). 163,471

Change in Net Position of Governmental Activities \$ (148,705)

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Proprietary Funds

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

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	INTER- LOCAL SERVICES	
Current Assets:				
Cash & Cash Equivalents	\$ 1,120,942	\$ 46,836	\$ 222,160	\$ 1,389,938
Intergovernmental Accounts Receivable	21,252	-	-	21,252
Accounts Receivable	-	-	70,080	70,080
Inventory	9,874	-	-	9,874
Total Current Assets	1,152,068	46,836	292,240	1,491,144
Capital Assets:				
Furniture, Machinery & Equipment	488,958	-	-	488,958
Less: Accumulated Depreciation	(451,557)	-	-	(451,557)
Total Capital Assets	37,401	-	-	37,401
Total Assets	1,189,469	46,836	292,240	1,528,545
LIABILITIES				
Interfund Payable	978,193	-	-	978,193
Unearned Revenue	-	16,006	-	16,006
Total Liabilities	978,193	16,006	-	994,199
NET POSITION				
Net Investment in Capital Assets	37,401	-	-	37,401
Unrestricted Net Position	173,875	30,830	292,240	496,945
Total Net Position	211,276	\$ 30,830	\$ 292,240	\$ 534,346

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

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	INTER- LOCAL SERVICES	
Operating Revenues:				
Charges for Services:				
Daily Sales -Reimbursable	\$ 200,592	\$ -	\$ -	\$ 200,592
Daily Sales	173,910	-	-	173,910
Interlocal Services Agreement	-	-	96,610	96,610
Community Recreation Fees	-	24,790	-	24,790
	<hr/>			
Total Operating Revenue	374,502	24,790	96,610	495,902
	<hr/>			
Operating Expenses:				
Cost of Sales Reimbursable	285,732	-	-	285,732
Cost of Sales Nonreimbursable	77,328	-	-	77,328
Salaries	469,716	3,919	39,627	513,262
Employee Benefits	-	-	3,029	3,029
General Supplies	91,019	16,142	-	107,161
Miscellaneous Purchased Services	-	-	280	280
Management Fee	26,190	-	-	26,190
Depreciation	7,040	-	-	7,040
	<hr/>			
Total Operating Expenses	957,025	20,061	42,936	1,020,022
	<hr/>			
Operating Income/(Loss)	(582,523)	4,729	53,674	(524,120)
	<hr/>			
Nonoperating Revenues:				
State Sources:				
State School Lunch Program	8,138	-	-	8,138
Federal Sources:				
National School Lunch Program	340,042	-	-	340,042
National School Breakfast Program	76,364	-	-	76,364
National School After School Snack Program	610	-	-	610
Food Distribution Program	52,034	-	-	52,034
	<hr/>			
Total Nonoperating Revenues	477,188	-	-	477,188
	<hr/>			
Net Income	(105,335)	4,729	53,674	(46,932)
Net Position - July 1	316,611	26,101	238,566	581,278
	<hr/>			
Net Position - June 30	\$ 211,276	\$ 30,830	\$ 292,240	\$ 534,346
	<hr/>			

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

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	INTER- LOCAL SERVICES	
Cash Flows From Operating Activities				
Receipts from Customers	\$ 374,764	\$ 24,624	\$ 95,853	\$ 495,241
Payments to Employees	(469,716)	(3,919)	(42,936)	(516,571)
Payments to Vendors	(556,055)	(16,142)	-	(572,197)
Net Cash Flows From Operating Activities	<u>(651,007)</u>	<u>4,563</u>	<u>52,917</u>	<u>(593,527)</u>
Cash Flows From Noncapital Financing Activities				
Cash Received from State & Federal Reimbursements	425,154	-	-	425,154
Net Cash Flows From Noncapital Financing Activities	<u>425,154</u>	<u>-</u>	<u>-</u>	<u>425,154</u>
Cash Flows From Capital & Related Financing Activities				
Transfer of Funds	602,290	-	-	602,290
Net Cash Flows From Capital & Related Financing Activities	<u>602,290</u>	<u>-</u>	<u>-</u>	<u>602,290</u>
Net Change in Cash & Cash Equivalents	376,437	4,563	52,917	433,917
Balances - Beginning of Year	744,505	42,273	169,243	956,021
Balances - Ending of Year	<u>\$ 1,120,942</u>	<u>\$ 46,836</u>	<u>\$ 222,160</u>	<u>\$ 1,389,938</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities:				
Operating Income	\$ (582,523)	\$ 4,729	\$ 53,674	\$ (524,120)
Adjustments to Reconcile Operating Income to Cash Flows From Operating Activities				
Depreciation Expense	7,040	-	-	7,040
Commodities Received	52,034	-	-	52,034
(Increase)/Decrease in Accounts Receivable	262	-	(757)	(495)
(Increase)/Decrease in Inventory	1,037	-	-	1,037
Increase/(Decrease) in Accounts Payable	(128,857)	-	-	(128,857)
Increase/(Decrease) in Unearned Revenue	-	(166)	-	(166)
Total Adjustments	<u>(68,484)</u>	<u>(166)</u>	<u>(757)</u>	<u>(69,407)</u>
Net Cash Flows From Operating Activities	<u>\$ (651,007)</u>	<u>\$ 4,563</u>	<u>\$ 52,917</u>	<u>\$ (593,527)</u>

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

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Fiduciary Fund

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

ASSETS	PRIVATE PURPOSE		AGENCY FUNDS	TOTAL
	UNEMPLOYMENT TRUST	SCHOLARSHIP TRUST FUND		
Cash & Cash Equivalents	\$ 9,050	\$ 90,693	\$ 230,658	\$ 330,401
Interfund Receivable	-	-	593	593
Total Assets	9,050	90,693	231,251	330,994
LIABILITIES				
Interfund Payable	-	-	5,582	5,582
Payable to Student Groups	-	-	225,669	225,669
Total Liabilities	-	-	231,251	231,251
NET POSITION				
Held in Trust for Unemployment & Other Purposes	9,050	90,693	-	99,743
Total Net Position	\$ 9,050	\$ 90,693	\$ -	\$ 99,743

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

**PINELANDS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

ADDITIONS	PRIVATE PURPOSE		TOTAL
	UNEMPLOYMENT FUND	SCHOLARSHIP TRUST	
Contributions:			
Scholarship Donations	\$ -	\$ 83,310	\$ 83,310
Total Contributions	-	83,310	83,310
Investment Earnings:			
Interest - Checking	11	74	85
Net Investment Earnings	11	74	85
Total Additions	11	83,384	83,395
DEDUCTIONS			
Scholarships Awarded	-	85,925	85,925
Claims Paid	717	-	717
Total Deductions	717	85,925	86,642
Change in Net Position	(706)	(2,541)	(3,247)
Net Position - Beginning of the Year	9,756	93,234	102,990
Net Position - End of the Year	\$ 9,050	\$ 90,693	\$ 99,743

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

PINELANDS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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PINELANDS REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

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

Reporting Entity

The Pinelands Regional School District is a Type II School District located in the County of Ocean, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades seven through twelfth. These include regular, vocational, as well as special education for handicapped youngsters. The operation of the District includes one regional junior high and one senior high school, located Little Egg Harbor. The School District has an approximate enrollment at June 30, 2017 of 1,585 students.

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

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

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

Component Units

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

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

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

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

B. Governmental Fund Financial Statements

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

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

The School District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

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

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

The School District reports the following major proprietary funds:

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

Community Education Fund - This fund accounts for the revenues and expenses pertaining to the District’s adult educational services.

Inter-Local Services Fund - This fund accounts for revenues and expenses pertaining to the District’s shared service agreements with other governmental agencies.

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The School District currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

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

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Encumbrances

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

Open encumbrances in the special revenue fund for which the School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

Cash, Cash Equivalents and Investments

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

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

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”).

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

Tuition Receivable/Payable

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

Inventories

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

Interfund Receivables/Payables

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

Capital Assets

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

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Compensated Absences

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

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

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

Deferred Loss on Refunding Debt

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

Bond Premiums, Discounts and Issuance Costs

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

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

Pensions

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

Fund Balance

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

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

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

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

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

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

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Recently Issued Accounting Pronouncements

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

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

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

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

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District's bank balance of \$7,955,341 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 7,397,600
Uninsured and Uncollateralized	<u>557,741</u>
	<u>\$ 7,955,341</u>

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 2. Deposits and Investments (continued)

Investments

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

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the School District by inclusion of \$1,000 in the original 2000-2001 annual capital outlay budget, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

Beginning Balance, July 1, 2016	\$ 235,568
Increased by:	
Deposits approved by Board	<u>200,000</u>
	435,568
Decreased by:	
Board Approved Withdrawal March 16, 2017	<u>(200,000)</u>
Ending Balance, June 30, 2017	<u><u>\$ 235,568</u></u>

Maintenance Reserve

The School District established a maintenance reserve account by inclusion of \$300,000 on June 25, 2009 for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 3. Reserve Accounts (continued)

appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

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

Beginning Balance, July 1, 2016	\$ 643
Ending Balance, June 30, 2017	<u>\$ 643</u>

Emergency Reserve

An emergency reserve account was established by inclusion of \$260,000 on June 25, 2009 for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve account is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

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

Beginning Balance, July 1, 2016	\$ 469
Ending Balance, June 30, 2017	<u>\$ 469</u>

Note 4. Accounts Receivable

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 4. Accounts Receivable (continued)

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Inter-Local Services Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ -	\$ -	\$ -	\$ 20,874	\$ -	\$ 20,874
State Awards	296,947	509,134	806,081	378	-	378
Other	5,960	-	5,960	-	70,080	70,080
Total	\$ 302,907	\$ 509,134	\$ 812,041	\$ 21,252	\$ 70,080	\$ 91,332

Note 5. Capital Assets

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

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2017</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 412,912	\$ -	\$ -	\$ 412,912
Construction in Progress	330,468	5,411,009	-	5,741,477
Total Capital Assets not being depreciated	743,380	5,411,009	-	6,154,389
Capital Assets being depreciated:				
Land Improvements	1,329,983	-	-	1,329,983
Buildings and Improvements	38,484,548	-	-	38,484,548
Equipment	1,355,487	100,164	-	1,455,651
Total Capital Assets being depreciated	41,170,018	100,164	-	41,270,182
Less: Accumulated Depreciation:	(20,706,644)	(1,136,508)	-	(21,843,152)
Total Capital Assets being depreciated, net	20,463,374	(1,036,344)	-	19,427,030
Total Governmental Activities Capital Assets, net	\$ 21,206,754	\$ 4,374,665	\$ -	\$ 25,581,419

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 5. Capital Assets (continued)

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
Business-Type Activities:				
Equipment	\$ 488,958	\$ -	\$ -	\$ 488,958
	<u>488,958</u>	<u>-</u>	<u>-</u>	<u>488,958</u>
Less: Accumulated Depreciation:				
Equipment	(444,517)	(7,040)	-	(451,557)
	<u>(444,517)</u>	<u>(7,040)</u>	<u>-</u>	<u>(451,557)</u>
Total Business-Type Activities Capital Assets, net	\$ 44,441	\$ (7,040)	\$ -	\$ 37,401

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

Note 6. Interfund Receivables, Payables and Transfers

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

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 983,775	\$ 200,188
Capital Projects Fund	199,595	-
Food Service Fund	-	978,193
Student Activity Fund	593	-
Payroll Fund	<u>-</u>	<u>5,582</u>
	<u>\$ 1,183,963</u>	<u>\$ 1,183,963</u>

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

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 405	\$ 200,000
Capital Projects Fund	<u>200,000</u>	<u>405</u>
	<u>\$ 200,405</u>	<u>\$ 200,405</u>

The purpose of the interfund transfer was for capital reserve transfer to capital project fund.

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 7. Long-Term Obligations

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

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 6,628,000	\$ -	\$ 1,235,000	\$ 5,393,000	\$ 1,268,000
Capital Leases	6,340,000	400,000	515,000	6,225,000	710,000
Unamortized Bond Premiums	388,278	-	36,401	351,877	36,401
Compensated Absences	1,798,173	475,574	639,045	1,634,702	-
Net Pension Liability	11,686,130	4,170,392	-	15,856,522	-
Bond Anticipation Note	-	2,700,000	-	2,700,000	2,700,000
	<u>\$ 26,840,581</u>	<u>\$ 7,745,966</u>	<u>\$ 2,425,446</u>	<u>\$ 32,161,101</u>	<u>\$ 4,714,401</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, unamortized bond premiums, bond anticipation note and net pension liability are liquidated by the general fund.

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligations bonds. At June 30, 2017 bonds payable consisted of the following individual issues:

Purpose	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
Serial Bonds	4.10%	2/15/2018	\$ 7,108,000	\$ 878,000
Refunding Bonds	2.00%-4.00%	2/15/2027	5,275,000	4,515,000
				<u>\$ 5,393,000</u>

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

Fiscal Year Ending	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$	1,268,000	\$ 192,098	\$ 1,460,098
2019		395,000	148,300	543,300
2020		410,000	136,450	546,450
2021		425,000	124,150	549,150
2022		440,000	111,400	551,400
2023-2027		2,455,000	302,800	2,757,800
	<u>\$</u>	<u>5,393,000</u>	<u>\$ 1,015,198</u>	<u>\$ 6,408,198</u>

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 7. Long-Term Obligations (continued)

Capital Lease Payable

The District is obligated under certain leases accounted for as capital leases. The leased asset and related obligation are accounted for in the general capital assets and the general long-term obligations account groups, respectively. Assets acquired under capital leases total \$6,225,000.

The future minimum lease payments for these leases is as follows:

Fiscal Year Ending <u>June 30,</u>	
2018	\$ 905,109
2019	911,754
2020	538,616
2021	453,917
2022	310,217
2023-2027	1,620,068
2028-2032	1,818,938
2033-2036	<u>1,609,803</u>
Total Minimum Lease Payments	8,168,422
Less: Amount Representing Interest	<u>(1,943,422)</u>
Present Value of Minimum Lease Payments	<u>\$ 6,225,000</u>

Amortization of the leased equipment and improvements under capital assets is included with depreciation expense.

Bond Anticipation Note Payable

On January 24, 2017, voters of the municipalities approved a referendum authorizing the issuance of bonds in the amount of 53,645,000. On May 10, 2017, the District issued bond anticipation notes totaling \$2,700,000. The note bears an annual interest rate of 2.00% and matures on August 3, 2017.

Bonds Authorized but not Issued

As of June 30, 2017, the School District had bonds authorized but not issued totaling \$50,945,527.

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$15,856,522 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .0535383%, which was an increase of .0015248% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$1,634,776 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 294,883	\$ -
Changes of Assumptions	3,284,624	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	604,624	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	492,303	-
School District contributions subsequent to measurement date	<u>484,872</u>	<u>-</u>
	<u>\$ 5,161,306</u>	<u>\$ -</u>

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

\$484,872 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
<u>June 30,</u>	
2018	\$ 1,056,218
2019	1,056,219
2020	1,196,485
2021	1,006,469
2022	<u>361,043</u>
	<u><u>\$ 4,676,434</u></u>

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

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

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

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

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

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 (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

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

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

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 19,430,317</u>	<u>\$ 15,856,522</u>	<u>\$ 12,906,044</u>

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

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>\$ 122,588,596</u>	<u>\$ 102,651,303</u>	<u>\$ 86,369,930</u>

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$102,651,303. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .130489%, which was a decrease of .003377% from its proportion measured as of June 30, 2015.

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$7,712,817 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

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

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

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

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

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

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

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

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

At 1% Decrease	At Current Discount Rate	At 1% Increase
<u>(2.22%)</u>	<u>(3.22%)</u>	<u>(4.22%)</u>

State of New Jersey's Proportionate
Share of Net Pension Liability
associated with the School District

<u>\$ 122,588,596</u>	<u>\$ 102,651,303</u>	<u>\$ 86,369,930</u>
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Pension Plan Fiduciary Net Position - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

C. Defined Contribution Plan (DCRP)

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

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

week for State employees, or 32 hours per week for local government or local education employees

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

For the year ended June 30, 2017, employee contributions totaled \$516, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$245.

Note 9. State Post-Retirement Medical Benefits

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

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

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

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

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$1,468,394, \$1,223,506 and \$1,119, respectively.

Note 11. Risk Management

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

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 11	\$ 717	\$ 9,050
2015-2016	18	680	9,756
2014-2015	14	695	10,418

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

Joint Insurance Pool – The School District also participates in the NJ School Board Insurance Company and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers’ Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 12. Contingencies

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

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

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

Note 13. Deferred Compensation

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

Met Life
Discovery Financial
PFS Shareholder Services
The Vanguard Group
Equitable Life Assurance Company
Lincoln Investment Planning, Inc
USAA Life Insurance

Note 14. Compensated Absences

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

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

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 14. Compensated Absences (continued)

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide Statement of Net Position was \$1,634,702.

Note 15. Tax Abatements

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

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

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$707,769.

Note 17. Fund Balances

General Fund – Of the \$1,520,963 General Fund fund balance at June 30, 2017, \$235,568 has been restricted for the Capital Reserve Account; \$643 has been restricted for the Maintenance Reserve Account; \$469 has been restricted for the Emergency Reserve Account; \$705,769 has been restricted for current year excess surplus; \$524,861 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$53,653 is assigned for subsequent year's expenditures

Capital Projects Fund – Of the \$2,602,152 Capital Projects Fund fund balance at June 30, 2017, \$2,602,152 is restricted for future capital projects approved by the School District.

PINELANDS REGIONAL SCHOOL DISTRICT

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

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$12,913,918 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Note 19. Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2017 through January 30, 2018, which is the date the financial statements were available to be issued, and noted the following:

On July 14, 2017 the School District received a revised state aid notice from the State of New Jersey for its budget for the year ended June 30, 2018. This revised noticed included a decrease in the School Districts State Aid totaling \$227,685. The New Jersey Department of Education authorized school districts that received a decrease in state aid to transfer additional unassigned general fund surplus into the budget year ended June 30, 2018. The School District approved a resolution date July 31, 2017 to transfer additional unassigned general fund surplus in the amount of \$227,685 into the budget to compensate for the decrease in state aid.

On July 20, 2017, the District issued serial bonds totaling \$53,645,000. The bond proceeds were utilized to retire the bond anticipation note outstanding at June 30, 2017. The bonds bear interest from 3.00% to 3.50% per annum payable semi-annually on the first day of February and August of each year, until maturity. The principal is due annually on the fifteenth day of July through 2042, installments range from \$1,440,000 to \$2,850,000.

In October 2017 the District approved temporarily closing the High School and moving those classes and students to the Junior High School due to construction related concerns. The High School was reopened on January 16, 2018. The District incurred additional operating costs during the time that the High School was closed and may incur additional construction costs as a result. As of the date of this report a total estimate of the additional costs has not be quantified.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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

ACCOUNT NUMBERS	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 18,987,748	\$ -	\$ 18,987,748	18,987,748	\$ -
Tuition	10-1330	-	-	-	29,604	29,604
Interest Earned on Capital Reserve	10-1510	2,000	-	2,000	3,815	1,815
Miscellaneous	10-1990	-	-	-	6,251	6,251
Total Local Sources		18,989,748	-	18,989,748	19,027,418	37,670
State Sources:						
Categorical Transportation Aid	10-3121	810,479	-	810,479	810,479	-
Categorical Special Education Aid	10-3132	961,334	-	961,334	961,334	-
Equalization Aid	10-3176	8,420,721	-	8,420,721	8,420,721	-
Categorical Security Aid	10-3177	299,661	-	299,661	299,661	-
Adjustment Aid	10-3178	784,462	-	784,462	784,462	-
Extraordinary Aid	10-3131	200,000	-	200,000	200,094	94
Non-Public Transportation Aid	10-3121	-	-	-	4,524	4,524
Parce Readiness Aid	10-3190	15,930	-	15,930	15,930	-
Per Pupil Choice Aid	10-3191	15,930	-	15,930	15,930	-
Professional Learning Community Aid	10-3182	15,390	-	15,390	15,390	-
School Choice Aid	10-3116	59,358	-	59,358	59,358	-
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	1,468,394	1,468,394
On-Behalf TPAF Medical Contribution		-	-	-	1,223,506	1,223,506
On-Behalf TPAF Long-Term Disability		-	-	-	1,119	1,119
Reimbursed TPAF Social Security Contributions		-	-	-	940,531	940,531
Total State Sources		11,583,265	-	11,583,265	15,221,433	3,638,168
Federal Sources:						
Medicaid Reimbursement	10-4200	47,943	-	47,943	107,829	59,886
Total Federal Sources		47,943	-	47,943	107,829	59,886
Total Revenues		30,620,956	-	30,620,956	34,356,680	3,735,724
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Grades 6-8 Salaries of Teachers	11-130-100-101	3,755,300	(59,773)	3,695,527	3,660,826	34,701
Grades 9-12 Salaries of Teachers	11-140-100-101	4,151,300	(61,118)	4,090,182	4,035,833	54,349
Home Instruction - Regular Programs:						
Salaries of Teachers	11-150-100-101	60,000	(33,113)	26,887	26,887	-
Purchased Professional - Educational Services	11-150-100-320	25,000	7,675	32,675	26,916	5,759
Purchased Professional - Educational Services	11-190-100-320	2,550	-	2,550	1,329	1,221
Other Purchased Services - (400-500 Series)	11-190-100-500	346,832	9,932	356,764	342,932	13,832
General Supplies	11-190-100-610	301,190	542	301,732	213,651	88,081
Textbooks	11-190-100-640	22,125	(12,632)	9,493	8,544	949
Other Objects	11-190-100-800	11,540	(480)	11,060	5,051	6,009
Total Regular Programs		8,675,837	(148,967)	8,526,870	8,321,969	204,901

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

ACCOUNT NUMBERS	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Special Education:						
Cognitive - Mild:						
Salaries of Teachers	11-201-100-101	57,500	88,000	145,500	145,500	-
Other Salaries for Instruction	11-201-100-106	72,000	-	72,000	72,000	-
General Supplies	11-201-100-610	2,125	18,250	20,375	20,108	267
Total Cognitive - Mild		131,625	106,250	237,875	237,608	267
Behavioral Disabilities:						
Salaries of Teachers	11-209-100-101	432,300	(33,100)	399,200	308,800	90,400
Other Purchased Services	11-209-100-500	300	-	300	-	300
General Supplies	11-209-100-610	6,440	(500)	5,940	4,163	1,777
Other Objects	11-209-100-800	500	-	500	230	270
Total Behavioral Disabilities		439,540	(33,600)	405,940	313,193	92,747
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	58,000	-	58,000	58,000	-
Other Salaries for Instruction	11-212-100-106	58,750	-	58,750	58,750	-
Other Purchased Services	11-212-100-500	2,000	-	2,000	1,557	443
General Supplies	11-212-100-610	4,410	-	4,410	3,723	687
Total Multiple Disabilities		123,160	-	123,160	122,030	1,130
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	2,007,100	(54,900)	1,952,200	1,950,234	1,966
Other Salaries for Instruction	11-213-100-106	91,320	-	91,320	91,120	200
Other Purchased Services-(400-500)	11-213-100-500	1,300	-	1,300	581	719
General Supplies	11-213-100-610	12,020	(2,500)	9,520	8,250	1,270
Total Resource Room/Resource Center		2,111,740	(57,400)	2,054,340	2,050,185	4,155
Autism:						
Salaries of Teachers	11-214-100-101	64,000	-	64,000	58,000	6,000
Other Salaries for Instruction	11-214-100-106	160,750	-	160,750	127,000	33,750
Other Purchased Services-(400-500)	11-214-100-500	1,000	-	1,000	-	1,000
General Supplies	11-214-100-610	4,230	-	4,230	3,336	894
Other Objects	11-214-100-800	2,000	404	2,404	299	2,105
Total Autism		231,980	404	232,384	188,635	43,749
Homebound Instruction:						
Salaries of Teachers	11-219-100-101	70,000	17,600	87,600	86,511	1,089
Purchased Professional & Educational Services	11-219-100-320	40,000	15,190	55,190	52,755	2,435
Total Homebound Instruction		110,000	32,790	142,790	139,266	3,524
Total Special Education		3,148,045	48,444	3,196,489	3,050,917	145,572
Other Instructional Programs:						
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	17,500	5,300	22,800	22,800	-
Total Basic Skills/Remedial Instruction		17,500	5,300	22,800	22,800	-
Bilingual Education - Instruction:						
Other Purch. Serv.(400-500 Series)	11-240-100-500	2,500	-	2,500	-	2,500
General Supplies	11-240-100-610	3,300	148	3,448	1,453	1,995
Textbooks	11-240-100-640	1,200	-	1,200	1,156	44
Other Objects	11-240-100-800	1,300	-	1,300	1,300	-
Total Bilingual Education - Instruction		8,300	148	8,448	3,909	4,539

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

ACCOUNT NUMBERS	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	146,128	10,260	156,388	156,388	-
Supplies and Materials	11-401-100-600	-	-	-	(100)	100
Other Objects	11-401-100-800	22,200	500	22,700	16,954	5,746
Total School Sponsored Cocurricular - Activities						
		168,328	10,760	179,088	173,242	5,846
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	610,908	659	611,567	611,566	1
Purchased Services - (300-500 Series)	11-402-100-500	12,150	-	12,150	3,169	8,981
Supplies and Materials	11-402-100-600	69,800	5,200	75,000	68,721	6,279
Other Objects	11-402-100-800	92,704	2,867	95,571	87,038	8,533
Total School Sponsored Athletics - Instruction						
		785,562	8,726	794,288	770,494	23,794
Alternative Education Programs - Instruction:						
Purchased Services - (300-500 Series)	11-423-100-500	1,000	-	1,000	-	1,000
General Supplies	11-423-100-610	980	490	1,470	490	980
Other Objects	11-423-100-890	500	-	500	-	500
Total Alternative Education Programs - Instruction						
		2,480	490	2,970	490	2,480
Community Service Programs & Operations:						
Salaries	11-800-330-100	162,226	-	162,226	155,721	6,505
Total Community Service Programs & Operations						
		162,226	-	162,226	155,721	6,505
Total - Instruction						
		12,968,278	(75,099)	12,893,179	12,499,542	393,637
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEAs Within the State - Regular	11-000-100-561	-	43,830	43,830	38,988	4,842
Tuition to Other LEAs Within the State - Special	11-000-100-562	130,000	(9,661)	120,339	92,459	27,880
Tuition to County Vocational School District - Regular	11-000-100-563	70,950	(6,712)	64,238	60,995	3,243
Tuition to County Special Services & Regular Day Schools	11-000-100-565	368,100	(40,540)	327,560	327,240	320
Tuition to Private Schools for the Handicapped - Within the State	11-000-100-566	190,500	(1,126)	189,374	105,621	83,753
Tuition - State Facilities	11-000-100-568	67,771	-	67,771	67,771	-
Total Instruction						
		827,321	(14,209)	813,112	693,074	120,038
Attendance/Social Work:						
Salaries	11-000-211-100	88,750	-	88,750	37,000	51,750
Other Purchased Services (400-500 Series)	11-000-211-500	250	-	250	-	250
Supplies and Materials	11-000-211-600	3,000	-	3,000	1,496	1,504
Total Attendance/Social Work						
		92,000	-	92,000	38,496	53,504

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

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Health Services:						
Salaries	11-000-213-100	152,700	-	152,700	151,753	947
Purchased Professional & Technical Services	11-000-213-300	16,000	2,500	18,500	2,944	15,556
Other Purchased Services	11-000-213-500	4,000	-	4,000	2,095	1,905
Supplies and Materials	11-000-213-600	3,500	-	3,500	3,482	18
Total Health Services		176,200	2,500	178,700	160,274	18,426
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	247,200	-	247,200	171,050	76,150
Purchased Professional & Educational Services	11-000-216-320	65,000	(11,000)	54,000	49,719	4,281
Supplies and Materials	11-000-216-600	3,626	4	3,630	2,313	1,317
Total Other Support Services - Students - Related Services		315,826	(10,996)	304,830	223,082	81,748
Other Support Services - Students - Extraordinary Services:						
Salaries	11-000-217-100	122,978	19,155	142,133	142,133	-
Purchased Professional & Educational Services	11-000-217-320	50,000	2,308	52,308	47,688	4,620
Total Other Support Services - Students - Extraordinary Services		172,978	21,463	194,441	189,821	4,620
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	711,400	-	711,400	661,796	49,604
Salaries of Secretarial & Clerical Assistants	11-000-218-105	201,750	-	201,750	201,750	-
Other Purchased Professional & Technical Services	11-000-218-390	43,200	-	43,200	43,200	-
Other Purchased Services - (400-500 Series)	11-000-218-500	5,000	-	5,000	3,211	1,789
Supplies and Materials	11-000-218-600	20,500	376	20,876	10,621	10,255
Other Objects	11-000-218-800	250	-	250	200	50
Total Other Support Services - Students - Regular		982,100	376	982,476	920,778	61,698
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	609,600	-	609,600	608,328	1,272
Salaries of Secretarial & Clerical Assistants	11-000-219-105	113,500	160	113,660	113,660	-
Purchased Professional - Educational Services	11-000-219-320	15,300	(2,500)	12,800	8,437	4,363
Other Purchased Services - (400-500 Series)	11-000-219-500	3,200	500	3,700	1,834	1,866
other than Resid. Costs)	11-000-219-592	10,000	(2,308)	7,692	7,500	192
Supplies and Materials	11-000-219-600	4,331	-	4,331	4,268	63
Other Objects	11-000-219-800	1,000	-	1,000	820	180
Total Other Support Services - Students - Special Services		756,931	(4,148)	752,783	744,847	7,936

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

ACCOUNT NUMBERS	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Improvement of Instruction Services:						
Salaries of Supervisors of Instruction	11-000-221-102	451,317	105	451,422	451,422	-
Salaries of Secretarial & Clerical Assistants	11-000-221-105	106,750	-	106,750	106,750	-
Other Purch Prof. and Tech Services	11-000-221-390	12,000	-	12,000	4,000	8,000
Other Purchased Services	11-000-221-500	3,125	487	3,612	1,171	2,441
Other Objects	11-000-221-800	2,900	(1,391)	1,509	1,509	-
Total Improvement of Instruction Services		576,092	(799)	575,293	564,852	10,441
Educational Media Services/School Library:						
Salaries of Teachers	11-000-222-100	152,950	-	152,950	140,258	12,692
Salaries of Technology Coordinators	11-000-222-177	306,424	-	306,424	296,630	9,794
Purchased Professional & Technical Services	11-000-222-300	11,820	-	11,820	6,067	5,753
Other Purchased Services - (400-500 Series)	11-000-222-500	9,350	-	9,350	4,494	4,856
Supplies and Materials	11-000-222-600	32,100	-	32,100	28,070	4,030
Other Objects	11-000-222-800	1,450	-	1,450	175	1,275
Total Educational Media Services/School Library		514,094	-	514,094	475,694	38,400
Instructional Staff Training Services:						
Other Purchased Professional and Tech. Services	11-000-223-390	7,500	2,000	9,500	9,295	205
Other Purchased Services - (400-500 Series)	11-000-223-500	3,300	-	3,300	730	2,570
Supplies and Materials	11-000-223-600	3,000	2,191	5,191	4,670	521
Total Instructional Staff Training Services		13,800	4,191	17,991	14,695	3,296
Support Services General Administration:						
Salaries	11-000-230-100	248,451	8,106	256,557	256,557	-
Legal Services	11-000-230-331	81,000	41,526	122,526	119,359	3,167
Audit Fees	11-000-230-332	29,000	(600)	28,400	28,400	-
Other Purchased Professional Services	11-000-230-339	37,000	35,431	72,431	65,915	6,516
Communications/Telephone	11-000-230-530	122,500	(26,140)	96,360	74,804	21,556
Other Purchased Services - General Supplies	11-000-230-590	99,100	(3,500)	95,600	91,287	4,313
BOE Supplies	11-000-230-610	4,500	-	4,500	3,702	798
Miscellaneous	11-000-230-630	5,000	500	5,500	4,172	1,328
BOE Membership Dues & Fees	11-000-230-890	4,000	-	4,000	2,521	1,479
Total Support Services General Administration		639,051	55,323	694,374	651,163	43,211
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	924,138	-	924,138	876,284	47,854
Salaries of Secretarial & Clerical Assistants	11-000-240-105	347,000	-	347,000	312,216	34,784
(400-500 Series)	11-000-240-500	25,850	(9,000)	16,850	6,289	10,561
Supplies and Materials	11-000-240-600	44,965	1,214	46,179	38,815	7,364
Other Objects	11-000-240-800	16,000	-	16,000	15,625	375
Total Support Services School Administration		1,357,953	(7,786)	1,350,167	1,249,229	100,938

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

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Central Services:						
Salaries	11-000-251-100	290,465	-	290,465	284,649	5,816
Purchased Technical Services	11-000-251-340	49,300	6,596	55,896	49,960	5,936
Miscellaneous	11-000-251-592	5,500	-	5,500	3,783	1,717
Supplies & Materials	11-000-251-600	7,500	130	7,630	4,304	3,326
Other Objects	11-000-251-890	3,000	-	3,000	2,912	88
Total Central Services		355,765	6,726	362,491	345,608	16,883
Administrative Information Technology:						
Other Purchased Services	11-000-252-500	2,000	-	2,000	350	1,650
Supplies and Materials	11-000-252-600	10,000	-	10,000	9,978	22
Total Administrative Information Technology		12,000	-	12,000	10,328	1,672
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	324,053	43,235	367,288	367,288	-
Cleaning, Repair & Maintenance Services	11-000-261-420	220,000	(23,987)	196,013	189,914	6,099
Travel	11-000-261-580	-	2,500	2,500	783	1,717
General Supplies	11-000-261-610	84,000	(32,109)	51,891	51,184	707
Other Objects	11-000-261-800	2,500	(2,500)	-	-	-
Total Required Maintenance for School Facilities		630,553	(12,861)	617,692	609,169	8,523
Custodial Services:						
Salaries	11-000-262-100	884,391	42,028	926,419	926,419	-
Purchased Professional & Technical Service	11-000-262-300	1,000	-	1,000	-	1,000
Cleaning, Repair & Maintained Service	11-000-262-420	6,000	-	6,000	5,946	54
Lease Purchase Payments-Energy Savings Program	11-000-262-444	256,364	-	256,364	256,364	-
Other Purchased Property Service	11-000-262-490	303,351	3,000	306,351	306,318	33
Insurance	11-000-262-520	164,500	610	165,110	165,110	-
Travel	11-000-262-580	-	2,500	2,500	199	2,301
Misc Purchased Services	11-000-262-590	2,500	(2,500)	-	-	-
General Supplies	11-000-262-610	93,500	885	94,385	92,111	2,274
Energy (Natural Gas)	11-000-262-621	190,000	(25,495)	164,505	164,505	-
Energy (Electricity)	11-000-262-622	250,000	238,397	488,397	488,397	-
Other Objects	11-000-262-800	5,000	-	5,000	4,291	709
Total Custodial Services		2,156,606	259,425	2,416,031	2,409,660	6,371
Care & Upkeep of Grounds:						
Cleaning, Repair & Maintenance Services	11-000-263-420	5,000	130	5,130	4,773	357
General Supplies	11-000-263-610	48,500	(15,140)	33,360	33,360	-
Total Care & Upkeep of Grounds		53,500	(15,010)	38,490	38,133	357
Security:						
Cleaning, Repair & Maintenance Services	11-000-266-420	139,000	5,734	144,734	136,943	7,791
General Supplies	11-000-266-610	7,000	(1,210)	5,790	5,629	161
Total Security		146,000	4,524	150,524	142,572	7,952
Total Operations & Maintenance of Plant		2,986,659	236,078	3,222,737	3,199,534	23,203

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

ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET			
Student Transportation Services:						
Salaries for Pupil Transportation - (Between Home & School - Special Ed Students	11-000-270-161	29,000	-	29,000	26,100	2,900
Other Purchased Professional & Technical Services	11-000-270-390	9,000	-	9,000	8,956	44
AID in LIEU	11-000-270-503	8,900	7,896	16,796	16,354	442
Contracted Services (Between Home & School) - Vendors	11-000-270-511	1,344,450	(175,500)	1,168,950	1,127,241	41,709
Contracted Services (Other than Between Home & School) - Vendors	11-000-270-512	293,672	(8,200)	285,472	250,854	34,618
Contracted Services (Between Home & School)-Joint Agree.	11-000-270-513	24,990	-	24,990	24,500	490
Contracted Services (Special Ed Students) - Vendors	11-000-270-514	128,932	102,814	231,746	231,552	194
Contracted Services (Special Ed Students) - Joint Agreements	11-000-270-515	-	72,700	72,700	7,281	65,419
Contracted Services (Regular Students) - ESCs & CTSA	11-000-270-517	39,887	85,113	125,000	117,677	7,323
Contracted Services (Special Ed Students) - ESCs & CTSA	11-000-270-518	422,750	(140,823)	281,927	199,865	82,062
Travel	11-000-270-580	-	500	500	180	320
Miscellaneous Expenditures	11-000-270-890	-	500	500	291	209
Total Student Transportation Services		2,301,581	(55,000)	2,246,581	2,010,851	235,730
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	413,000	(98,914)	314,086	258,226	55,860
Other Retirement Contributions - Regular	11-000-291-241	453,845	30,118	483,963	483,963	-
Unemployment Compensation	11-000-291-250	70,000	10,717	80,717	70,208	10,509
Workman's Compensation	11-000-291-260	229,500	27,073	256,573	256,573	-
Health Benefits	11-000-291-270	5,112,630	(78,000)	5,034,630	4,902,602	132,028
Tuition Reimbursement	11-000-291-280	70,000	6,206	76,206	60,315	15,891
Other Employee Benefits	11-000-291-290	70,000	86,364	156,364	156,364	-
Total Unallocated Benefits - Employee Benefits		6,418,975	(16,436)	6,402,539	6,188,251	214,288
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	1,468,394	(1,468,394)
On-Behalf TPAF Medical Contribution		-	-	-	1,223,506	(1,223,506)
On-Behalf TPAF Long-Term Disability		-	-	-	1,119	(1,119)
Reimbursed TPAF Social Security Contributions		-	-	-	940,531	(940,531)
Total On-Behalf Contributions		-	-	-	3,633,550	(3,633,550)
Total Personal Services - Employee Benefits		6,418,975	(16,436)	6,402,539	9,821,801	(3,419,262)
Total Undistributed Expenditures		18,499,326	217,283	18,716,609	21,314,127	(2,597,518)
Total Expenditures - Current Expense		31,467,604	142,184	31,609,788	33,813,669	(2,203,881)

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

ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET			
Capital Outlay:						
Facilities Acquisition & Construction Services:						
Interest Deposit to Capital Reserves	10-604	2,000	-	2,000	-	2,000
Assessment on SDA Projects	12-000-400-896	6,865	-	6,865	6,865	-
Total Facilities Acquisition & Construction Services		8,865	-	8,865	6,865	2,000
Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	-	400,000	(400,000)
Total Capital Outlay		8,865	-	8,865	406,865	(398,000)
Special Schools						
Adult Education - Local - Instruction:						
Purchased Professional & Technical Services	13-602-200-300	-	983	983	983	-
General Supplies	13-602-200-601	10,000	(983)	9,017	5,901	3,116
Total Local Instruction		10,000	-	10,000	6,884	3,116
Total Special Schools		10,000	-	10,000	6,884	3,116
Transfer to Charter Schools		23,197	-	23,197	23,197	-
Total Expenditures		31,509,666	142,184	31,651,850	34,250,615	(2,598,765)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(888,710)	(142,184)	(1,030,894)	106,065	1,136,959
Other Financing Sources/(Uses):						
Operating Transfers In:						
Transfer from Capital Reserves to Capital Projects		-	(200,000)	(200,000)	(200,000)	-
Transfer from Capital Projects		-	-	-	405	405
Transfer from Enterprise Fund		90,000	-	90,000	-	(90,000)
Capital Lease Proceeds (Nonbudgeted)		-	-	-	400,000	400,000

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

ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(798,710)	(342,184)	(1,140,894)	306,470	1,447,364
Fund Balances, July 1	2,324,635	-	2,324,635	2,324,635	-
Fund Balances, June 30	<u>\$ 1,525,925</u>	<u>\$ (342,184)</u>	<u>\$ 1,183,741</u>	<u>2,631,105</u>	<u>\$ 1,447,364</u>

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Roll-Over Encumbrances	\$ 142,184
Withdrawal from Capital Reserves March 16, 2017	<u>200,000</u>
Total Budget Transfers	<u><u>\$ 342,184</u></u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 235,568
Maintenance Reserve	643
Emergency Reserve	469
Excess Surplus	705,769
Excess Surplus Designated for Subsequent Year's Expenditures	524,861
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	275,139
Year-End Encumbrances	48,011
Additional Assigned Fund Balance- Unreserved- Designated for Subsequent Year Expenditures (July 1, 2017- August 1, 2017)	227,685
Unassigned Fund Balance	<u>612,960</u>
Subtotal	2,631,105
Reconciliation to Governmental Funds Statements (GAAP):	
Reconciliation of State Aid Payments For GAAP to Budgetary Basis & Other Adjustments	<u>(1,110,142)</u>
Fund Balance Per Governmental Funds (GAAP)	<u><u>\$ 1,520,963</u></u>

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

REVENUES	JUNE 30, 2017				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Local Sources	\$ -	\$ 10,430	\$ 10,430	\$ 9,136	\$ (1,294)
State Sources	423,636	70,309	\$ 493,945	493,945	-
Federal Sources	819,606	158,525	978,131	978,131	-
Total Revenues	1,243,242	239,264	1,482,506	1,481,212	(1,294)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	325,996	(18,732)	307,264	307,264	-
Purchased Ed. Program	108,000	(712)	107,288	107,288	-
Tuition	426,515	(2,656)	423,859	423,859	-
General Supplies	22,094	24,129	46,223	44,929	1,294
Total Instruction	882,605	2,029	884,634	883,340	1,294
Support Services:					
Salaries for Other Professional Staff	304,415	10,693	315,108	315,108	-
Personal Services - Employee Benefits	56,222	176,128	232,350	232,350	-
Purchased Professional - Educational Services	-	25,869	25,869	25,869	-
Staff Development Travel	-	5,333	5,333	5,333	-
Other Purchased Services	-	4,869	4,869	4,869	-
Supplies & Materials	-	13,131	13,131	13,131	-
Other Objects	-	1,212	1,212	1,212	-
Total Support Services	360,637	237,235	597,872	597,872	-
Total Outflows	1,243,242	239,264	1,482,506	1,481,212	1,294
Excess/(Deficiency) of Revenues Over/ Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 34,356,680	\$ 1,481,212
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	18,188
Current Year	-	(27,409)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,113,450	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(1,110,142)	-
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 34,359,988</u>	<u>\$ 1,471,991</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 34,250,615	\$ 1,481,212
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is 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.	-	(9,221)
	<hr/>	<hr/>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 34,250,615</u>	<u>\$ 1,471,991</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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PINELANDS REGIONAL SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS*

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.53538%	0.05206%	0.05029%	0.05000%
School District's proportionate share of the net pension liability	\$ 15,856,522	\$ 11,686,130	\$ 9,414,743	\$ 955,948,000
School District's covered payroll	\$ 3,532,174	\$ 3,524,156	\$ 3,530,304	Unavailable
School District's proportionate share of the net pension liability as a percentage of its covered payroll	448.92%	331.60%	266.68%	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

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

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

**PINELANDS REGIONAL SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS**

	2017	2016	2015	2014
School District's contractually required contribution	\$ 484,872	\$ 475,627	\$ 447,565	\$ 414,543
Contributions in relation to the contractually required contribution	(484,872)	(475,627)	(447,565)	(414,543)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 3,508,767	\$ 3,532,174	\$ 3,524,156	\$ 3,530,304
Contributions as a percentage of covered payroll	13.82%	13.47%	12.70%	11.74%

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

PINELANDS REGIONAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST FOUR FISCAL YEARS*

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	102,651,303	84,609,661	71,489,447	72,487,981
	<u>\$ 102,651,303</u>	<u>\$ 84,609,661</u>	<u>\$ 71,489,447</u>	<u>\$ 72,487,981</u>
School District's covered payroll	\$ 13,415,357	\$ 13,410,233	\$ 13,384,631	Unavailable
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

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

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

**PINELANDS REGIONAL SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

**PINELANDS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

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

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

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

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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

	TITLE I PART A	TITLE IIA	TITLE VI	IDEA-B
Revenues:				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Federal Source	486,054	35,905	32,313	423,859
Total Revenues	\$ 486,054	\$ 35,905	\$ 32,313	\$ 423,859
Expenditures:				
Instruction:				
Salaries of Teachers	\$ 256,768	\$ 28,496	\$ 22,000	\$ -
Tuition	-	-	-	423,859
Purchased Ed. Program	107,288	-	-	-
General Supplies	35,793	-	-	-
Total Instruction	399,849	28,496	22,000	423,859
Support Services:				
Salaries of Other Professional Staff	-	-	-	-
Personal Services - Employee Benefits	60,060	7,409	5,720	-
Purchased Professional Services	21,276	-	4,593	-
Other Purchased Services	4,869	-	-	-
Supplies & Materials	-	-	-	-
Miscellaneous	-	-	-	-
Total Support Services	86,205	7,409	10,313	-
Total Outflows	\$ 486,054	\$ 35,905	\$ 32,313	\$ 423,859

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

	SCHOOL YOUTH SERVICES CURRENT	LITTLE EGG HARBOR PAL	ATLANTIC CARE GRANT	SOUTH JERSEY INDUSTRIES	LOWES GRANT	Total
Revenues:						
Local Sources	\$ -	\$ 3,000	\$ 925	\$ 661	\$ 4,550	\$ 9,136
State Sources	493,945	-	-	-	-	493,945
Federal Source	-	-	-	-	-	978,131
Total Revenues	\$ 493,945	\$ 3,000	\$ 925	\$ 661	\$ 4,550	\$ 1,481,212
Expenditures:						
Instruction:						
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 307,264
Tuition	-	-	-	-	-	423,859
Purchased Ed. Program	-	-	-	-	-	107,288
General Supplies	-	3,000	925	661	4,550	44,929
Total Instruction	-	3,000	925	661	4,550	883,340
Support Services:						
Salaries of Other Professional Staff	315,108	-	-	-	-	315,108
Personal Services - Employee Benefits	159,161	-	-	-	-	232,350
Purchased Professional Services	-	-	-	-	-	25,869
Other Purchased Services	-	-	-	-	-	4,869
Staff Development Travel	5,333	-	-	-	-	5,333
Supplies & Materials	13,131	-	-	-	-	13,131
Miscellaneous	1,212	-	-	-	-	1,212
Total Support Services	493,945	-	-	-	-	597,872
Total Outflows	\$ 493,945	\$ 3,000	\$ 925	\$ 661	\$ 4,550	\$ 1,481,212

F. Capital Projects Fund

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**PINELANDS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUNDS
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

PROJECT TITLE/ISSUE	DATE	ORIGINAL APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE 2017
			PRIOR YEARS	CURRENT YEARS	
ESIP Projects	2/12/2016	\$ 5,643,629	\$ 330,468	\$ 2,656,640	\$ 2,656,521
High School New Construction & Rehabilitation	4/1/2017	37,043,402	-	1,417,094	35,626,308
Middle School New Construction and Rehabilitation	4/1/2017	\$ 16,602,125	-	1,337,275	15,264,850
		<u>\$ 59,289,156</u>	<u>\$ 330,468</u>	<u>\$ 5,411,009</u>	<u>\$ 53,547,679</u>

Reconciliation of Fund Balances, June 30, 2017

Unexpended Project Balances, June 30, 2017	53,547,679
Less:	
Bond Proceeds Authorized But Not Issued	<u>(50,945,527)</u>
Total Fund Balance (Budgetary Basis) - June 30, 2017	<u><u>2,602,152</u></u>

**PINELANDS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS
YEAR ENDED JUNE 30, 2017**

Revenues & Other Financing Sources:	
Bond Proceeds	\$ 2,700,000
Transfer from Capital Projects	200,000
Local Share - Interest Earnings	<u>12,627</u>
Total Revenues	<u>2,912,627</u>
Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	580,322
Construction Services	<u>4,830,687</u>
Total Expenditures	<u>5,411,009</u>
Excess (Deficiency) of Revenues Over (Under)	
Expenditures	(2,498,382)
Fund Balance - Beginning	<u>5,100,534</u>
Fund Balance - Ending	<u><u>\$ 2,602,152</u></u>

**PINELANDS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS
ESIP PROJECTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT PERIODS	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
ESIP Lease Purchase Proceeds	\$ 5,425,000	\$ -	\$ 5,425,000	\$ 5,425,000
Transfer from Capital Reserves	-	200,000	200,000	200,000
Local Share-Interest Earnings	6,002	12,627	18,629	-
	<hr/>			
Total Revenues	5,431,002	212,627	5,643,629	5,625,000
<hr/>				
Expenditures & Other Financing Uses:				
Construction Services	330,468	2,656,640	2,987,108	5,625,000
	<hr/>			
Total Expenditures	330,468	2,656,640	2,987,108	5,625,000
<hr/>				
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 5,100,534	\$ (2,444,013)	\$ 2,656,521	\$ -
	<hr/> <hr/>			

ADDITIONAL PROJECT INFORMATION

Project Number	N/A
Grant Date	N/A
ESIP Authorization Date	2/15/2016
ESIP Lease Authorized	\$ 5,625,000
Lease Issued	\$ 5,625,000
Original Authorized Cost	\$ 5,425,000
Additional Authorized Cost	\$ 200,000
Revised Authorized Cost	\$ 5,625,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	53.10%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2018

**PINELANDS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS
HIGH SCHOOL NEW CONSTRUCTION AND REHABILITATION
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT PERIODS	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Bond Proceeds	\$ -	\$ 1,864,409	\$ 1,864,409	\$ 37,043,402
Total Revenues	-	1,864,409	1,864,409	37,043,402
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	-	375,486	375,486	29,634,721
Construction Services		1,041,608	1,041,608	7,408,681
Total Expenditures	-	1,417,094	1,417,094	37,043,402
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ 447,315	\$ 447,315	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	4105-050-16-1000
Grant Date	N/A
Bond Authorization Date	1/24/2017
Bonds Authorized	37,043,402
Bonds Issued	\$ 1,864,409
Original Authorized Cost	\$ 37,043,402
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 37,043,402
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	3.83%
Original Target Completion Date	6/30/2019
Revised Target Completion Date	6/30/2019

**PINELANDS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS
MIDDLE SCHOOL NEW CONSTRUCTION AND REHABILITATION
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT PERIODS	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Bond Proceeds	\$ -	\$ 835,591	\$ 835,591	\$ 16,602,125
Total Revenues	-	835,591	835,591	16,602,125
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	-	204,836	204,836	1,328,170
Construction Services	-	1,132,439	1,132,439	15,273,955
Total Expenditures	-	1,337,275	1,337,275	16,602,125
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ (501,684)	\$ (501,684)	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	4105-060-16-1000
Grant Date	N/A
Bonds Authorization Date	1/24/2017
Bonds Authorized	\$16,602,125
Bonds Issued	835,591
Original Authorized Cost	\$16,602,125
Additional Authorized Cost	0
Revised Authorized Cost	16,602,125
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	8.05%
Original Target Completion Date	6/30/2019
Revised Target Completion Date	6/30/2019

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G. Proprietary Funds

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Enterprise Funds

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

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	INTER- LOCAL SERVICES	
Current Assets:				
Cash & Cash Equivalents	\$ 1,120,942	\$ 46,836	\$ 222,160	\$ 1,389,938
Intergovernmental Accounts Receivable	21,252	-	-	21,252
Accounts Receivable	-	-	70,080	70,080
Inventory	9,874	-	-	9,874
Interfund Receivable	-	-	-	-
Total Current Assets	1,152,068	46,836	292,240	1,491,144
Capital Assets:				
Furniture, Machinery & Equipment	488,958	-	-	488,958
Less: Accumulated Depreciation	(451,557)	-	-	(451,557)
Total Capital Assets	37,401	-	-	37,401
Total Assets	1,189,469	46,836	292,240	1,528,545
LIABILITIES				
Accounts Payable	-	-	-	-
Interfund Payable	978,193	-	-	978,193
Profit Distribution Payable	-	-	-	-
Unearned Revenue	-	16,006	-	16,006
Total Liabilities	978,193	16,006	-	994,199
NET POSITION				
Investment in Capital Assets	37,401	-	-	37,401
Unrestricted Net Position	173,875	30,830	292,240	496,945
Total Net Position	\$ 211,276	\$ 30,830	\$ 292,240	\$ 534,346

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	INTER- LOCAL SERVICES	
Operating Revenues:				
Charges for Services:				
Daily Sales -Reimbursable	\$ 200,592	\$ -	\$ -	\$ 200,592
Daily Sales -Non Reimbursable	173,910	-	-	173,910
Interlocal Services Agreement	-	-	96,610	96,610
Community Recreation Fees	-	24,790	-	24,790
Total Operating Revenue	374,502	24,790	96,610	495,902
Operating Expenses:				
Cost of Sales-Reimbursables	285,732	-	-	285,732
Cost of Sales	77,328	-	-	77,328
Salaries	469,716	3,919	39,627	513,262
Employee Benefits	-	-	3,029	3,029
General Supplies	91,019	16,142	-	107,161
Miscellaneous Purchased Services	-	-	280	280
Management Fee	26,190	-	-	26,190
Depreciation	7,040	-	-	7,040
Total Operating Expenses	957,025	20,061	42,936	1,020,022
Operating Income/(Loss)	(582,523)	4,729	53,674	(524,120)
Nonoperating Revenues:				
State Sources:				
State School Lunch Program	8,138	-	-	8,138
Federal Sources:				
National School Lunch Program	340,042	-	-	340,042
National School Breakfast Program	76,364	-	-	76,364
National School After School Snack Program	610	-	-	610
Food Distribution Program	52,034	-	-	52,034
Total Nonoperating Revenues	477,188	-	-	477,188
Net Income	(105,335)	4,729	53,674	(46,932)
Net Position - July 1	316,611	26,101	238,566	581,278
Net Position - June 30	\$ 211,276	\$ 30,830	\$ 292,240	\$ 534,346

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

BUSINESS-TYPE
ACTIVITIES -
ENTERPRISE FUNDS

	FOOD SERVICE	COMMUNITY EDUCATION	INTER- LOCAL SERVICES	TOTAL
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 374,764	\$ 24,624	\$ 95,853	\$ 495,241
Payments to Employees	(469,716)	(3,919)	(42,936)	(516,571)
Payments to Vendors	(556,055)	(16,142)	-	(572,197)
Net Cash Flows From Operating Activities	(651,007)	4,563	52,917	(593,527)
Cash Flows From Noncapital Financing Activities:				
Cash Received from State & Federal Reimbursements	425,154	-	-	425,154
Net Cash Flows From Noncapital Financing Activities	425,154	-	-	425,154
Cash Flows From Capital & Related Financing Activities:				
Transfer of Funds	602,290	-	-	602,290
Net Cash Flows From Capital & Related Financing Activities	602,290	-	-	602,290
Net Change in Cash & Cash Equivalents	376,437	4,563	52,917	433,917
Balances - Beginning of Year	744,505	42,273	169,243	956,021
Balances - Ending of Year	\$ 1,120,942	\$ 46,836	\$ 222,160	\$ 1,389,938

Reconciliation of Operating Income to Net Cash Flows From Operating Activities:

Operating Income	\$ (582,523)	\$ 4,729	\$ 53,674	\$ (524,120)
Adjustments to Reconcile Operating Income to Cash Flows From Operating Activities:				
Depreciation Expense	7,040	-	-	7,040
Commodities Received	52,034	-	-	52,034
(Increase)/Decrease in Accounts Receivable	262	-	(757)	(495)
(Increase)/Decrease in Inventory	1,037	-	-	1,037
Increase/(Decrease) in Accounts Payable	(128,857)	-	-	(128,857)
Increase/(Decrease) in Unearned Revenue	-	(166)	-	(166)
Total Adjustments	(68,484)	(166)	(757)	(69,407)
Net Cash Flows From Operating Activities	\$ (651,007)	\$ 4,563	\$ 52,917	\$ (593,527)

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**PINELANDS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE		AGENCY FUNDS		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	STUDENT ACTIVITIES	PAYROLL	
Cash & Cash Equivalents	\$ 9,050	\$ 90,693	\$ 225,076	\$ 5,582	\$ 330,401
Interfund Receivable	-	-	593	-	593
Total Assets	9,050	90,693	225,669	5,582	330,994
LIABILITIES					
Interfund Payable	-	-	-	5,582	5,582
Due to Student Groups	-	-	225,669	-	225,669
Total Liabilities	-	-	225,669	5,582	231,251
NET POSITION					
Held in Trust For Scholarships	-	90,693	-	-	90,693
Unemployment Claims & Other Purposes	9,050	-	-	-	9,050
Total Net Position	\$ 9,050	\$ 90,693	\$ -	\$ -	\$ 99,743

**PINELANDS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2017**

ADDITIONS	PRIVATE PURPOSE		TOTAL
	UNEMPLOYMENT FUND	SCHOLARSHIP TRUST	
Contributions:			
Donations	\$ -	\$ 83,310	\$ 83,310
Total Contributions	-	83,310	83,310
Investment Earnings:			
Interest - Checking	11	74	85
Net Investment Earnings	11	74	85
Total Additions	11	83,384	83,395
DEDUCTIONS			
Scholarships Awarded	-	85,925	85,925
Claims Paid	717	-	717
Total Deductions	717	85,925	86,642
Change in Net Position	(706)	(2,541)	(3,247)
Net Position - Beginning of the Year	9,756	93,234	102,990
Net Position - End of the Year	\$ 9,050	\$ 90,693	\$ 99,743

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

	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
ASSETS				
Cash & Cash Equivalents:				
High School	\$ 136,407	\$ 505,782	\$ 488,413	\$ 153,776
Middle School	58,602	106,426	93,728	71,300
Interfund Receivable	-	593	-	593
Total Assets	\$ 195,009	\$ 612,801	\$ 582,141	\$ 225,669
LIABILITIES				
Due to Student Groups	\$ 195,009	\$ 612,801	\$ 582,141	\$ 225,669
Total Liabilities	\$ 195,009	\$ 612,801	\$ 582,141	\$ 225,669

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

	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
ASSETS				
Cash & Cash Equivalents	\$ 14,629	\$ 20,567,037	\$ 20,576,084	\$ 5,582
Total Assets	14,629	20,567,037	20,576,084	5,582
LIABILITIES				
Payroll Deductions & Withholdings	5,362	20,570,722	20,576,084	-
Interfund Payable	9,267	-	3,685	5,582
Total Liabilities	\$ 14,629	\$ 20,570,722	\$ 20,579,769	\$ 5,582

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I. Long-Term Debt

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**PINELANDS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE JULY 1, 2016	ISSUED	RETIRED	BALANCE JUNE 30, 2017
Refunding School Bonds	3/11/2015	5,275,000	2/15/2018	390,000	2.000%	\$ 4,900,000	\$ -	\$ 385,000	\$ 4,515,000
			2/15/2019	395,000	3.000%				
			2/15/2020	410,000	3.000%				
			2/15/2021	425,000	3.000%				
			2/15/2022	440,000	3.000%				
			2/15/2023	450,000	4.000%				
			2/15/2024	470,000	4.000%				
			2/15/2025	490,000	4.000%				
			2/15/2026	515,000	4.000%				
			2/15/2027	530,000	4.000%				
H.S. & Middle School Construction Renovations and H.S. Classrooms	7/15/2007	7,108,000	02/15/2018	878,000	4.100%	1,728,000	-	850,000	878,000
Total						\$ 6,628,000	\$ -	\$ 1,235,000	\$ 5,393,000

**PINELANDS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SERIES	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2016	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2017
Technology, Instructional, Facility and Athletic Equipment	\$ 700,000	\$ 205,000	\$ -	\$ 145,000	\$ 60,000
Ground Lease	325,000	130,000	-	65,000	65,000
Equipment	400,000	250,000	-	80,000	170,000
Equipment	400,000	330,000	-	80,000	250,000
ESIP Projects	5,425,000	5,425,000	-	75,000	5,350,000
Equipment	400,000	-	400,000	70,000	330,000
Total		\$ 6,340,000	\$ 400,000	\$ 515,000	\$ 6,225,000

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

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:						
Local Sources:						
Local Tax Levy	40-1210	\$ 761,473	\$ -	\$ 761,473	\$ 761,473	\$ -
State Sources:						
Debt Service Aid Type II	40-3160	708,175	-	708,175	708,175	-
Total Revenues		1,469,648	-	1,469,648	1,469,648	-
Expenditures						
Regular Debt Service:						
Redemption of Principal	40-701-510-910	1,235,000	-	1,235,000	1,235,000	-
Interest on Bonds	40-701-510-834	234,648	-	234,648	234,648	-
Total Expenditures		1,469,648	-	1,469,648	1,469,648	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		-	-	-	-	-
Fund Balance, July 1		-	-	-	-	-
Fund Balance, June 30		\$ -	\$ -	\$ -	\$ -	\$ -

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. The Exhibits are presented for the last ten fiscal years.

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PINELANDS REGIONAL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net Investment in Capital Assets	\$ 11,192,009	\$ 13,339,289	\$ 13,171,933	\$ 12,688,559	\$ 12,954,946	\$ 12,889,100	\$ 13,074,181	\$ 13,240,561	\$ 14,945,234	\$ 9,196,082
Restricted	4,069,462	5,705,565	423,797	328,097	1,177,593	1,668,074	1,148,462	1,528,574	1,630,569	8,136,227
Unrestricted	(12,913,918)	(16,548,596)	(11,117,601)	(918,492)	(1,062,036)	(717,182)	(1,200,145)	(977,937)	744,137	(1,753,754)
Total Governmental Activities Net Position	\$ 2,347,553	\$ 2,496,258	\$ 2,478,129	\$ 12,098,164	\$ 13,070,503	\$ 13,839,992	\$ 13,022,498	\$ 13,791,198	\$ 17,319,940	\$ 15,578,555
Business-Type Activities:										
Net Investment in Capital Assets	\$ 37,401	\$ 44,441	\$ 50,174	\$ 71,077	\$ 103,252	\$ 124,126	\$ 155,556	\$ 186,985	\$ 218,414	\$ 6,766
Unrestricted	496,945	536,837	483,898	429,119	393,098	347,831	292,719	248,367	192,732	166,235
Total Business-Type Activities Net Position	\$ 534,346	\$ 581,278	\$ 534,072	\$ 500,196	\$ 496,350	\$	\$ 448,275	\$ 435,352	\$ 411,146	\$ 173,001
Government-Wide:										
Net Investment in Capital Assets	\$ 11,229,410	\$ 13,383,730	\$ 13,222,107	\$ 12,759,636	\$ 13,058,198	\$ 13,013,226	\$ 13,013,226	\$ 13,229,737	\$ 13,427,546	\$ 15,163,648
Restricted	4,069,462	5,705,565	423,797	328,097	1,177,593	1,668,074	1,668,074	1,148,462	1,528,574	1,630,569
Unrestricted	(12,416,973)	(16,011,759)	(10,633,703)	(489,373)	(668,938)	(369,351)	(369,351)	(907,426)	(729,570)	936,869
Total Government-Wide Net Position	\$ 2,881,899	\$ 3,077,536	\$ 3,012,201	\$ 12,598,360	\$ 13,566,853	\$ 14,311,949	\$ 14,311,949	\$ 13,470,773	\$ 14,226,550	\$ 17,731,086

**PINELANDS REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 8,225,039	\$ 8,281,973	\$ 8,514,470	\$ 8,447,048	\$ 8,548,819	\$ 8,404,641	\$ 8,057,522	\$ 8,158,671	\$ 8,037,613	\$ 10,438,468
Special Education	3,925,036	3,956,587	3,783,708	3,539,174	3,956,388	4,034,671	3,922,028	4,349,550	4,116,310	5,617,632
Other Special Education	1,126,656	1,183,719	1,265,287	1,286,428	1,275,408	1,194,713	1,228,053	1,328,171	1,255,739	1,667,574
Support Services:										
Tuition	693,074	957,179	1,057,050	883,706	1,021,406	764,269	769,011	759,678	747,935	850,457
Student & Instruction Related Services	3,930,411	4,214,897	4,258,028	4,347,149	3,879,545	3,878,948	4,383,171	4,680,379	4,156,819	5,006,006
General Administrative Services	651,163	567,928	592,261	567,292	538,248	544,249	538,275	630,730	593,750	749,606
School Administrative Services	1,249,229	1,264,277	1,235,702	1,228,588	1,292,130	1,104,483	1,257,920	1,248,358	1,109,165	1,405,695
Central Services	355,936	362,091	359,146	387,060	421,410	393,593	355,648	360,603	493,698	688,625
Plant Operations & Maintenance	3,081,300	2,576,317	2,680,768	2,577,267	2,554,528	2,547,173	3,312,353	4,063,371	2,885,583	3,097,794
Pupil Transportation	2,010,851	2,131,409	2,168,874	2,134,848	2,276,541	1,941,986	1,808,908	1,971,159	1,807,796	1,949,219
Special Schools	6,884	3,486	-	6,204	7,915	10,456	11,158	12,586	17,174	21,237
Charter Schools	23,197	-	-	-	-	-	-	-	-	-
Unallocated Employee Benefits	10,817,508	12,032,970	11,243,409	7,786,522	7,954,782	6,964,590	6,848,029	6,566,197	6,405,343	-
Interest on Long-Term Debt	241,513	326,011	435,663	433,200	449,470	490,669	528,061	565,514	553,430	646,242
Unallocated Bond Costs	-	-	-	-	32,418	32,419	32,419	32,418	32,419	-
Unallocated Adjustment to Fixed Assets	-	402,102	349,159	1,084,079	677,570	403,097	-	-	-	-
Unallocated Depreciation	1,125,567	1,158,241	1,205,751	1,190,039	1,181,406	1,168,164	1,153,915	1,176,457	789,721	-
Total Governmental Activities Expenses	37,463,364	39,419,187	39,149,276	35,898,604	36,067,984	33,878,121	34,206,471	35,903,842	33,002,495	32,138,555
Business-Type Activities:										
Food Service	957,025	940,551	962,762	1,048,483	990,606	893,997	897,998	853,402	744,728	665,622
Other	62,997	65,951	57,613	56,297	76,375	89,093	95,605	88,589	54,528	22,279
Total Business-Type Activities Expense	1,020,022	1,006,502	1,020,375	1,104,780	1,066,981	983,090	993,603	941,991	799,256	687,901
Total Government-Wide Expenses	\$ 38,483,386	\$ 40,425,689	\$ 40,169,651	\$ 37,003,384	\$ 37,134,965	\$ 34,861,211	\$ 35,200,074	\$ 36,845,833	\$ 33,801,751	\$ 32,826,456
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Operating Grants & Contributions	\$ 1,471,991	\$ 7,601,446	\$ 7,342,944	\$ 3,804,095	\$ 4,399,501	\$ 1,360,371	\$ 1,621,145	\$ 1,746,570	\$ 1,455,857	\$ 4,643,773
Capital Grants & Contributions	-	-	-	-	-	-	-	-	-	995
Total Governmental Activities Program Revenues	1,471,991	7,601,446	7,342,944	3,804,095	4,399,501	1,360,371	1,621,145	1,746,570	1,455,857	4,644,768

**PINELANDS REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Business-Type Activities:										
Charges for Services:										
Food Service	374,502	401,846	449,131	505,227	501,180	522,361	525,216	530,458	500,932	473,530
Other	121,400	124,549	115,429	111,730	117,916	102,853	100,884	90,881	63,755	37,663
Operating Grants & Contributions	477,188	526,132	488,938	490,762	471,564	380,437	378,230	342,640	242,378	219,734
Total Business Type Activities Program Revenues	973,090	1,052,527	1,053,498	1,107,719	1,090,660	1,005,651	1,004,330	963,979	807,065	730,927
Total Government-Wide Program Revenues	\$ 2,445,081	\$ 8,653,973	\$ 8,396,442	\$ 4,911,814	\$ 5,490,161	\$ 2,366,022	\$ 2,625,475	\$ 2,710,549	\$ 2,262,922	\$ 5,375,695
Net (Expense)/Revenue:										
Governmental Activities	\$ (35,991,373)	\$ (31,817,741)	\$ (31,806,332)	\$ (32,094,509)	\$ (31,668,483)	\$ (32,517,750)	\$ (32,585,326)	\$ (34,157,272)	\$ (31,546,638)	\$ (27,493,787)
Business-Type Activities	(46,932)	46,025	33,123	2,939	23,679	22,561	10,727	21,988	7,809	43,026
Total Government-Wide Net Expense	\$ (36,038,305)	\$ (31,771,716)	\$ (31,773,209)	\$ (32,091,570)	\$ (31,644,804)	\$ (32,495,189)	\$ (32,574,599)	\$ (34,135,284)	\$ (31,538,829)	\$ (27,450,761)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 18,987,748	\$ 18,704,758	\$ 18,455,152	\$ 18,009,085	\$ 17,738,517	\$ 17,390,703	\$ 17,049,709	\$ 16,646,284	\$ 16,006,042	\$ 15,390,425
Taxes Levied for Debt Service	761,473	754,050	783,302	773,079	771,759	769,465	755,791	639,492	644,747	273,900
Unrestricted Grants & Contributions	15,332,570	12,361,654	12,388,381	12,387,736	12,340,438	15,128,579	13,936,055	13,919,434	14,376,975	11,598,651
Restricted Grants & Contributions	708,175	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	1,122	-
Miscellaneous Income	52,297	15,408	115,410	28,975	48,280	46,497	75,071	86,462	214,728	124,819
Proceeds from Premium on Bond Anticipation Notes	405	-	-	-	-	-	-	-	-	-
Total Governmental Activities	35,842,668	31,835,870	31,742,245	31,198,875	30,898,994	33,335,244	31,816,626	31,291,672	31,243,614	27,560,799
Business-Type Activities:										
Investment Earnings	-	1,181	753	907	714	1,121	2,196	2,218	785	1,903
Total Business-Type Activities	-	1,181	753	907	714	1,121	2,196	2,218	785	1,903
Total Government-Wide	\$ 35,842,668	\$ 31,837,051	\$ 31,742,998	\$ 31,199,782	\$ 30,899,708	\$ 33,336,365	\$ 31,818,822	\$ 31,293,890	\$ 31,244,399	\$ 27,562,702
Change in Net Position:										
Governmental Activities	\$ (148,705)	\$ (64,087)	\$ (64,087)	\$ (895,634)	\$ (769,489)	\$ 817,494	\$ (768,700)	\$ (2,865,600)	\$ (303,024)	\$ 67,012
Business-Type Activities	(46,932)	33,876	33,876	3,846	24,393	23,682	12,923	24,206	8,594	44,929
Total Government-Wide	\$ (195,637)	\$ (30,211)	\$ (30,211)	\$ (891,788)	\$ (745,096)	\$ 841,176	\$ (755,777)	\$ (2,841,394)	\$ (294,430)	\$ 111,941

**PINELANDS REGIONAL SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted/Reserved	\$ 1,467,310	\$ 761,541	\$ 423,797	\$ 459,796	\$ 870,239	\$ 956,110	\$ 701,104	\$ 2,025,743	\$ 3,630,392	\$ 3,187,850
Assigned	53,653	449,644	530,336	573,600	410,048	710,880	-	-	-	-
Unassigned/Unreserved	-	-	-	-	-	-	(43,319)	(1,079,459)	(617,085)	7,330
Total General Fund	\$ 1,520,963	\$ 1,211,185	\$ 954,133	\$ 1,033,396	\$ 1,280,287	\$ 1,666,990	\$ 657,785	\$ 946,284	\$ 3,013,307	\$ 3,195,180
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,732	\$ 73,283	\$ 4,229,024
Unreserved, Reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	(27,754)
Capital Projects Fund	2,602,152	5,100,534	-	-	307,354	711,964	711,964	912,916	934,993	1,139,140
Debt Service Fund	-	-	-	-	-	-	-	8,789	8,789	-
Total All Other Governmental Funds	\$ 2,602,152	\$ 5,100,534	\$ -	\$ -	\$ 307,354	\$ 711,964	\$ 711,964	\$ 957,437	\$ 1,017,065	\$ 5,340,410

PINELANDS REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Tax Levy	\$ 19,749,221	\$ 19,458,808	\$ 19,238,454	\$ 18,782,164	\$ 18,510,276	\$ 18,160,168	\$ 17,805,500	\$ 17,285,776	\$ 16,650,789	\$ 15,664,325
Miscellaneous	61,433	43,480	141,121	43,933	48,280	46,497	75,071	86,462	215,850	356,645
State Sources	16,426,861	16,027,209	15,641,646	15,228,371	15,818,784	15,187,450	14,437,692	12,901,377	15,064,400	15,498,092
Federal Sources	1,076,739	1,102,586	940,899	948,502	921,155	1,301,500	1,119,508	2,764,627	768,432	744,332
Total Revenue	37,314,254	36,632,083	35,962,120	35,002,970	35,298,495	34,695,615	33,437,771	33,038,242	32,699,471	32,263,394
Expenditures:										
Instruction:										
Regular Instruction	8,321,969	8,257,815	8,514,470	8,447,048	8,548,819	8,404,641	8,057,522	8,158,671	8,037,613	7,366,353
Special Education Instruction	3,925,036	3,956,587	3,783,708	3,539,174	3,956,388	4,034,671	3,922,028	4,349,550	4,116,310	4,190,124
Other Special Education Instruction	1,126,656	1,183,719	1,265,287	1,286,428	1,275,408	1,194,713	1,228,053	1,328,171	1,255,739	1,221,122
Support Services:										
Tuition	693,074	957,179	1,057,050	883,706	1,021,406	764,269	769,011	759,678	747,935	822,638
Student & Instruction Related Services	3,930,411	4,214,897	4,258,028	4,347,149	3,879,545	3,878,948	4,383,171	4,680,379	4,156,819	3,711,933
General Administration Services	651,163	567,928	592,261	567,292	538,248	544,249	538,275	630,730	593,750	598,998
School Administrative Services	1,249,229	1,264,277	1,235,702	1,228,588	1,292,130	1,104,483	1,257,920	1,248,358	1,109,165	1,070,255
Business Administrative Services	355,936	362,091	359,146	387,060	421,410	393,593	355,648	360,603	493,698	490,369
Plant Operations & Maintenance	3,199,534	3,017,317	3,127,767	3,025,264	3,038,114	2,939,525	3,104,415	2,993,426	2,885,583	2,554,640
Pupil Transportation	2,010,851	2,131,409	2,168,874	2,134,848	2,276,541	1,941,986	1,808,908	1,971,159	1,807,796	1,885,458
Unallocated Benefits	9,821,801	8,880,058	8,066,872	7,695,190	7,927,878	6,975,754	6,799,116	6,887,437	6,114,622	6,575,400
Transfer to Charter School	23,197	-	-	-	-	-	-	-	-	-
Special Schools	6,884	3,486	-	6,204	7,915	10,456	11,158	12,586	17,174	15,534
Capital Outlay	5,811,009	826,165	531,285	1,119,734	821,236	418,828	665,473	614,871	4,394,610	2,214,435
Debt Service:										
Principal	1,235,000	1,185,000	1,130,000	1,065,000	1,020,000	975,000	930,000	890,000	705,000	255,000
Interest & Other Charges	241,513	270,590	458,218	422,369	464,770	505,294	541,045	579,274	768,874	334,666
Total Expenditures	42,603,263	37,078,518	36,548,668	36,155,054	36,489,808	34,086,410	34,371,743	35,464,893	37,204,688	33,306,925
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(5,289,009)	(446,435)	(586,548)	(1,152,084)	(1,191,313)	609,205	(933,972)	(2,426,651)	(4,505,217)	(1,043,531)

**PINELANDS REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Other Financing Sources/(Uses):										
Transfer to Charter School	-	(24,158)	-	-	-	-	-	-	-	-
Capital Lease Proceeds	400,000	5,825,000	400,000	625,000	400,000	400,000	400,000	300,000	-	-
Bond Proceeds	-	-	5,711,812	-	-	-	-	-	-	7,108,000
Premium on Bond Anticipation Notes	405	-	-	-	-	-	-	-	-	-
Bond Anticipation Note Proceeds	2,700,000	-	-	-	-	-	-	-	-	-
Deposit with Fiscal Agent	-	-	(5,631,688)	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	3,100,405	5,800,842	480,124	625,000	400,000	400,000	400,000	300,000	-	7,050,173
Net Change in Fund Balances	\$ (2,188,604)	\$ 5,354,407	\$ (106,424)	\$ (527,084)	\$ (791,313)	\$ 1,009,205	\$ (533,972)	\$ (2,126,651)	\$ (4,505,217)	\$ 6,006,642
Debt Service as a Percentage of Noncapital Expenditures	4.2%	4.2%	4.6%	4.4%	4.3%	4.6%	4.6%	4.4%	4.7%	1.9%

Source: District records

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	RENTALS	MISCELLANEOUS	TOTAL
2017	\$ 3,815	\$ -	\$ 2,436	\$ 6,251
2016	3,179	3,955	2,272	9,406
2015	3,835	6,348	6,815	16,998
2014	4,062	5,189	2,651	11,902
2013	5,949	2,844	8,442	17,235
2012	3,288	7,109	12,892	23,289
2011	29,097	-	12,866	41,963
2010	35,146	1,470	46,789	83,405
2009	114,204	-	10,615	124,819
2008	226,075	-	21,354	247,429

Source: District records

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Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**PINELANDS REGIONAL SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 LITTLE EGG HARBOR TOWNSHIP**

FISCAL YEAR ENDED JUNE 30	VACANT LAND	RESIDENTIAL	FARM REGULAR	Q FARM	COMMERCIAL	INDUSTRIAL	APARTMENT	NET VALUATION TAXABLE	PUBLIC UTILITIES	TOTAL ASSESSED VALUE	REGIONAL DISTRICT SCHOOL TAX RATE	ESTIMATED COUNTY EQUALIZED VALUE
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	\$ 97,071,900	\$ 2,012,228,183	\$ 1,747,800	\$ 75,986	\$ 172,922,115	\$ 542,900	\$ 2,883,700	\$ 2,287,472,584	\$ 182,119,774	\$ 2,469,592,358	0.645	\$ 2,163,791,174
2015	112,347,900	1,941,283,983	1,705,400	35,392	147,741,815	558,100	2,883,700	2,206,556,290	167,395,174	2,373,951,464	0.656	2,267,936,874
2014	152,049,100	2,425,444,439	1,953,200	79,058	159,319,263	566,100	3,060,000	2,742,471,160	200,555,596	2,943,026,756	0.516	2,342,388,469
2013	111,911,000	2,531,443,939	2,819,400	78,896	144,064,463	566,100	3,060,000	2,793,943,798	200,256,596	2,993,045,872	0.500	2,718,812,880
2012	116,303,400	2,636,568,189	2,819,400	78,896	149,605,749	566,100	3,060,000	2,909,001,734	5,955,862	2,943,933,107	0.436	2,711,597,440
2011	124,822,000	2,666,799,789	2,843,400	80,631	151,717,049	566,100	3,060,000	2,949,888,969	5,955,862	2,954,182,408	0.450	2,866,592,618
2010	136,785,500	2,655,632,189	2,558,600	79,939	162,071,049	566,100	3,060,000	2,960,753,377	6,570,969	3,121,595,072	0.397	3,066,000,647
2009	147,903,300	2,805,870,709	2,637,500	79,732	168,048,700	566,100	3,060,000	3,128,166,041	6,570,969	3,160,141,785	0.397	3,101,827,805
2008	158,794,300	2,837,818,989	2,638,500	70,366	163,633,500	566,100	3,060,000	3,166,581,755	6,439,970	3,111,030,144	0.330	3,094,582,895

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 EAGLESWOOD TOWNSHIP**

FISCAL YEAR ENDED JUNE 30	VACANT LAND	RESIDENTIAL	FARM REGULAR	Q FARM	COMMERCIAL	INDUSTRIAL	APARTMENT	NET VALUATION TAXABLE	PUBLIC UTILITIES	TOTAL ASSESSED VALUE	REGIONAL DISTRICT SCHOOL TAX RATE	ESTIMATED COUNTY EQUALIZED VALUE
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	\$ 25,549,100	\$ 176,936,900	\$ 288,900	\$ 39,400	\$ 28,113,700	\$ 4,522,400	\$ 319,200	\$ 235,769,600	\$ 33,655,800	\$ 269,425,400	0.619	\$ 229,795,284
2015	25,145,900	178,845,900	268,900	63,100	29,963,700	440,200	319,200	235,046,900	33,284,800	268,331,700	0.615	236,954,038
2014	27,018,000	180,405,800	268,900	52,400	29,865,300	4,440,200	319,200	242,369,800	33,446,100	275,815,900	0.612	271,217,359
2013	25,860,200	182,014,100	268,900	52,400	29,239,800	4,440,200	319,200	242,194,800	452,190	244,730,110	0.477	270,501,214
2012	26,699,700	183,965,880	268,900	32,400	29,565,800	4,300,500	319,200	245,152,380	452,190	283,138,210	0.513	264,279,064
2011	34,511,900	210,822,000	281,500	50,600	33,519,900	3,967,600	436,900	283,590,400	521,335	282,890,265	0.490	307,728,267
2010	36,756,300	209,278,500	281,500	50,600	32,640,200	3,967,600	436,900	283,411,600	491,494	283,786,706	0.490	307,511,034
2009	37,902,600	208,021,100	281,500	50,600	33,617,900	3,967,600	436,900	284,278,200	491,494	283,900,706	0.463	308,215,616
2008	41,450,500	204,913,500	281,500	48,700	33,293,500	3,967,600	436,900	284,392,200	420,205	278,363,195	0.421	295,921,202

(r) - Reassessment
 Source: County Abstract of Ratables & Municipal Tax Assessor

**PINELANDS REGIONAL SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 TUCKERTON BOROUGH**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REGULAR	Q FARM	COMMERCIAL	INDUSTRIAL	APARTMENT	NET TAXABLE VALUATION	PUBLIC UTILITIES	TOTAL ASSESSED VALUE	REGIONAL DISTRICT SCHOOL TAX RATE	ESTIMATED COUNTY EQUALIZED VALUE
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	\$ 27,729,200	\$ 322,011,700	\$ 17,400	\$ 3,000	\$ 37,180,000	\$ 1,861,400	\$ 388,802,700	\$ 46,606,100	\$ 435,408,800	0.604	\$ 405,917,431	
2015	29,559,900	318,668,100	17,400	3,000	38,070,000	-	404,932,400	45,553,100	450,485,500	0.554	393,472,893	
2014	29,969,400	325,156,800	17,400	3,000	37,638,100	-	411,398,700	45,907,100	464,065,400	0.553	422,706,914	
2013	19,711,700	341,609,100	-	-	38,812,800	-	418,747,600	45,317,800	432,325,599	0.519	493,262,812	
2012	20,240,900	354,880,700	-	-	39,133,800	-	432,869,400	543,801	432,772,829	0.496	491,227,190	
2011	20,760,500	354,316,300	-	-	39,625,830	-	433,316,630	543,801	434,409,976	0.543	514,834,324	
2010	22,425,100	351,770,800	-	-	39,725,000	-	435,038,600	628,624	431,668,470	0.526	543,516,309	
2009	22,819,600	348,691,000	-	-	39,635,000	-	432,263,300	594,830	427,617,570	0.526	537,336,369	
2008	24,278,600	343,774,100	-	-	39,042,000	-	428,212,400	594,830	423,358,526	0.504	536,210,116	

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 BASS RIVER TOWNSHIP**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REGULAR	Q FARM	COMMERCIAL	INDUSTRIAL	APARTMENT	NET TAXABLE VALUATION	PUBLIC UTILITIES	TOTAL ASSESSED VALUE	REGIONAL DISTRICT SCHOOL TAX RATE	ESTIMATED COUNTY EQUALIZED VALUE
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	\$ 8,091,100	\$ 117,201,500	\$ 5,980,100	\$ 741,100	\$ 40,009,100	\$ 172,022,900	\$ 1,322,600	\$ 173,345,500	\$ 177,690,912	0.706	\$ 177,090,274	
2015	8,666,300	117,283,100	5,093,100	707,180	27,354,100	-	159,103,780	1,046,301	160,150,081	0.838	146,998,579	
2014 r	9,048,200	117,471,700	5,136,700	702,600	27,354,100	-	159,713,300	1,046,301	190,219,472	0.513	198,462,700	
2014	11,631,000	143,885,236	5,791,500	711,600	27,120,500	-	189,139,836	1,079,636	191,915,023	0.474	187,416,416	
2013	11,631,000	145,382,700	5,898,200	707,700	29,550,500	-	193,170,100	1,255,077	192,279,223	0.480	190,674,944	
2012	12,014,800	145,419,700	5,992,300	553,000	29,554,500	-	193,534,300	1,255,077	192,279,223	0.479	188,904,728	
2011	12,014,800	145,419,700	5,992,300	553,000	29,554,500	-	193,534,300	1,255,077	196,298,219	0.433	188,264,489	
2010	11,725,900	147,096,800	6,195,400	553,000	32,054,500	-	197,625,600	1,327,381	200,503,131	0.404	196,172,249	
2009	12,596,000	149,795,300	5,915,600	525,300	32,893,200	-	201,725,400	1,222,269	73,266,331	0.996	176,043,174	
2008	4,812,800	56,004,701	1,961,500	478,600	10,214,700	-	73,472,301	205,970	71,210,386			

(r) - Reassessment

Source: County Abstract of Rates & Municipal Tax Assessor

**PINELANDS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
LITTLE EGG HARBOR TOWNSHIP
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	PINELANDS REGIONAL GENERAL				OVERLAPPING RATES							TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	OBLIGATION	DEBT SERVICE	TOTAL DIRECT	COUNTY GENERAL	COUNTY LIBRARY	COUNTY HEALTH	COUNTY OPEN SPACE	LITTLE EGG HARBOR SCHOOL	MUNICIPAL LOCAL PURPOSE		
2017	0.621	0.025	0.025	0.646	0.357	0.039	0.014	0.013	0.575	0.656	2.300	
2016	0.632	0.025	0.025	0.657	0.354	0.039	0.014	0.013	0.578	0.693	2.348	
2015	0.508	0.021	0.021	0.529	0.286	0.031	0.012	0.011	0.446	0.557	1.872	
2014	0.495	0.021	0.021	0.516	0.286	0.031	0.012	0.011	0.446	0.560	1.862	
2013	0.480	0.020	0.020	0.500	0.280	0.333	0.012	0.011	0.420	0.546	2.102	
2012	0.453	0.020	0.020	0.473	0.273	0.031	0.012	0.011	0.406	0.523	1.729	
2011	0.433	0.017	0.017	0.450	0.259	0.037	0.015	0.014	0.602	0.571	1.948	
2010	0.418	0.020	0.020	0.438	0.249	0.029	0.012	0.012	0.357	0.451	1.548	
2009	0.372	0.025	0.025	0.397	0.247	0.029	0.012	0.012	0.330	0.443	1.140	
2008	0.368	0.010	0.010	0.378	0.247	0.029	0.012	0.012	0.330	0.443	1.121	

**EAGLESWOOD TOWNSHIP
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	PINELANDS REGIONAL GENERAL				OVERLAPPING RATES							TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	OBLIGATION	DEBT SERVICE	TOTAL DIRECT	COUNTY GENERAL	COUNTY LIBRARY	COUNTY HEALTH	COUNTY OPEN SPACE	EAGLESWOOD LOCAL SCHOOL DIST	MUNICIPAL LOCAL PURPOSE		
2017	0.595	0.024	0.024	0.619	0.342	0.037	0.013	0.012	1.009	0.415	2.447	
2016	0.611	0.025	0.025	0.636	0.357	0.039	0.014	0.012	0.823	0.398	2.279	
2015	0.606	0.025	0.025	0.631	0.335	0.038	0.014	0.012	0.796	0.388	2.214	
2014	0.590	0.025	0.025	0.615	0.335	0.038	0.014	0.012	0.796	0.388	2.198	
2013	0.587	0.025	0.025	0.612	0.344	0.040	0.015	0.013	0.723	0.379	2.126	
2012	0.358	0.024	0.024	0.382	0.331	0.038	0.014	0.014	0.701	0.361	1.841	
2011	0.494	0.020	0.020	0.514	0.266	0.030	0.012	0.012	0.513	0.293	1.640	
2010	0.478	0.020	0.020	0.498	0.274	0.033	0.013	0.013	0.551	0.283	1.665	
2009	0.471	0.019	0.019	0.490	0.274	0.033	0.013	0.013	0.551	0.283	1.657	
2008	0.455	0.008	0.008	0.463	0.273	0.032	0.013	0.013	0.542	0.283	1.619	

(r) Reassessment
Source: Municipal Tax Collector

**PINELANDS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
TUCKERTON BOROUGH
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	PINELANDS REGIONAL GENERAL			OVERLAPPING RATES				TUCKERTON MUNICIPAL LOCAL PURPOSE			TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	OBLIGATION DEBT SERVICE	TOTAL DIRECT	COUNTY GENERAL	COUNTY LIBRARY	COUNTY HEALTH	COUNTY OPEN SPACE	TUCKERTON SCHOOL DIST	MUNICIPAL LOCAL PURPOSE		
2017	0.581	0.023	0.604	0.352	0.038	0.014	0.012	0.733	0.679	2.432	
2016	0.520	0.021	0.541	0.339	0.037	0.013	0.012	0.689	0.633	2.264	
2015	0.534	0.022	0.556	0.351	0.039	0.015	0.012	0.667	0.626	2.266	
2014	0.531	0.022	0.553	0.351	0.039	0.015	0.012	0.667	0.626	2.263	
2013	0.498	0.021	0.519	0.343	0.040	0.015	0.013	0.643	0.612	2.185	
2012	0.473	0.021	0.494	0.342	0.039	0.014	0.014	0.625	0.612	2.140	
2011	0.496	0.022	0.518	0.327	0.037	0.015	0.014	0.602	0.571	2.084	
2010	0.506	0.021	0.527	0.319	0.038	0.016	0.016	0.594	0.572	2.082	
2009	0.506	0.020	0.526	0.319	0.038	0.016	0.012	0.594	0.572	2.077	
2008	0.495	0.009	0.504	0.319	0.037	0.016	0.015	0.580	0.531	2.002	

(r) Reassessment

Source: Municipal Tax Collector

**PINELANDS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
BASS RIVER TOWNSHIP
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	PINELANDS REGIONAL				OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL		TOTAL DIRECT	BASS RIVER			MUNICIPAL LOCAL PURPOSE	
		OBLIGATION	DEBT SERVICE		TOTAL COUNTY	LOCAL SCHOOL DISTRICT	LOCAL PURPOSE		
2017	0.680	0.027	0.027	0.707	0.346	0.863	0.156	0.156	2.072
2016	0.666	0.027	0.027	0.693	0.387	0.867	0.156	0.156	2.103
2015	0.678	0.028	0.028	0.706	0.461	0.897	0.156	0.156	2.220
2014	0.678	0.028	0.028	0.648	0.419	0.838	0.131	0.131	2.036
2013	0.622	0.026	0.026	0.513	0.357	0.669	0.107	0.107	1.646
2012	0.492	0.021	0.021	0.494	0.372	0.637	0.056	0.056	1.559
2011	0.473	0.021	0.021	0.474	0.376	0.621	0.041	0.041	1.512
2010	0.456	0.018	0.018	0.464	0.321	0.611	0.042	0.042	1.438
2009	0.446	0.018	0.018	0.433	0.353	0.577	0.012	0.012	1.375
2008	0.417	0.016	0.016	0.404	0.377	0.545	0.011	0.011	1.337

(f) Reassessment

Source: Municipal Tax Collector

**PINELANDS REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
LITTLE EGG HARBOR TOWNSHIP**

TAXPAYER	2017			2008		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Sea Oaks Golf Club	N/A	1	N/A	N/A	1	N/A
Healthtec Properties	N/A	2	N/A	N/A	2	N/A
Mystic Partners	N/A	3	N/A	N/A	3	N/A
AT & T	N/A	4	N/A	N/A	4	N/A
Armstrong Tuckerton, LLC	N/A	5	N/A	N/A	5	N/A
Andwin Realty Investors, LLC	N/A	6	N/A	N/A	6	N/A
Mystic Investor Association	N/A	7	N/A	N/A	7	N/A
James Properties, LLC	N/A	8	N/A	N/A	8	N/A
Jarat, Inc.	N/A	9	N/A	N/A	9	N/A
Individual Taxpayer, #1	N/A	10	N/A	N/A	10	N/A
Total	\$0		0.00%	0		0.00%

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
EAGLESWOOD TOWNSHIP**

TAXPAYER	2017			2008		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Eagles Lake Reserve, Inc.	N/A	1	N/A	N/A	1	N/A
Doland-Eaglewood Assn.	N/A	2	N/A	N/A	2	N/A
Taxpayer #1	N/A	3	N/A	N/A	3	N/A
Steakmaster	N/A	4	N/A	N/A	4	N/A
Atlantic City Electric Co.	N/A	5	N/A	N/A	5	N/A
Stafford Business Park, LLC	N/A	6	N/A	N/A	6	N/A
Osenenko	N/A	7	N/A	N/A	7	N/A
Felman Investment	N/A	8	N/A	N/A	8	N/A
SS West Creek, LLC	N/A	9	N/A	N/A	9	N/A
Taxpayer #2	N/A	10	N/A	N/A	10	N/A
Total	\$0		0.00%	0		0.00%

Source: Municipal Tax Assessor

**PINELANDS REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
TUCKERTON BOROUGH**

TAXPAYER	2017			2008		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Cammeby's Management Co. of NJ	N/A	1	N/A	N/A	1	N/A
H2 Investments, LLC	N/A	2	N/A	N/A	2	N/A
Milestone Property	N/A	3	N/A	N/A	3	N/A
Brasil Telecom America Inc.	N/A	4	N/A	N/A	4	N/A
Taxpayer #1	N/A	5	N/A	N/A	5	N/A
Mijan Inc.	N/A	6	N/A	N/A	6	N/A
Cammeby's Barlett Landing, LLC	N/A	7	N/A	N/A	7	N/A
GEB Marina, Inc.	N/A	8	N/A	N/A	8	N/A
Tuckerton Lumber Co	N/A	9	N/A	N/A	9	N/A
Taxpayer #2	N/A	10	N/A	N/A	10	N/A
Total	<u>\$0</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
BASS RIVER TOWNSHIP**

TAXPAYER	2017			2008		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Viking Yacht	N/A	1	N/A	N/A	1	N/A
Viking Yachting Center	N/A	2	N/A	N/A	2	N/A
Bayview Capital	N/A	3	N/A	N/A	3	N/A
Gateway Property, LLC	N/A	4	N/A	N/A	4	N/A
Taxpayer #1	N/A	5	N/A	N/A	5	N/A
Chips Folly	N/A	6	N/A	N/A	6	N/A
K.O.A.	N/A	7	N/A	N/A	7	N/A
Timerline Campgrounds	N/A	8	N/A	N/A	8	N/A
Taxpayer #2	N/A	9	N/A	N/A	9	N/A
Taxpayer #3	N/A	10	N/A	N/A	10	N/A
Total	<u>\$0</u>		<u>0.00%</u>	<u>0</u>		<u>0.00%</u>

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2017	\$ 19,749,223	\$ 19,749,223	100.00%	-
2016	19,458,806	19,458,806	100.00%	-
2015	19,238,454	19,238,454	100.00%	-
2014	18,782,164	18,782,164	100.00%	-
2013	18,510,276	18,510,276	100.00%	-
2012	18,160,168	18,160,168	100.00%	-
2011	17,805,500	17,805,500	100.00%	-
2010	17,285,776	17,285,776	100.00%	-
2009	16,650,789	16,650,789	100.00%	-
2008	15,664,325	15,664,325	100.00%	-

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

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and its debt capacity.

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

FISCAL YEAR ENDED JUNE, 30	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES				* OCEAN COUNTY		* BURLINGTON COUNTY	
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	GRANT ANTICIPATION NOTES (GANs)	CAPITAL LEASES	TOTAL DISTRICT	OCEAN COUNTY		BURLINGTON COUNTY				
						PERCENTAGE OF PERSONAL INCOME	PER CAPITA PERSONAL INCOME	PERCENTAGE OF PERSONAL INCOME	PER CAPITA PERSONAL INCOME			
2017	\$ -	\$ 6,615,000	\$ -	\$ -	\$ 6,615,000	N/A	N/A	N/A	N/A	N/A	N/A	
2016	5,393,000	6,225,000	-	-	11,618,000	N/A	N/A	N/A	N/A	N/A	N/A	
2015	7,813,000	956,000	-	-	8,769,000	N/A	N/A	N/A	N/A	N/A	N/A	
2014	9,273,000	1,002,999	-	-	10,275,999	N/A	N/A	N/A	N/A	N/A	N/A	
2013	11,358,000	742,410	-	-	12,100,410	0.36%	43,214	N/A	N/A	N/A	N/A	
2012	12,333,000	909,582	-	-	13,242,582	0.33%	43,200	0.37%	51,079	0.37%	49,626	
2011	13,263,000	901,934	-	-	14,164,934	0.30%	41,986	0.37%	49,626	0.33%	47,849	
2010	14,153,000	675,000	-	-	14,828,000	0.29%	40,611	0.33%	47,849	0.32%	47,582	
2009	14,858,000	-	-	-	14,858,000	0.28%	40,510	0.32%	47,582	0.29%	47,985	
2008	8,005,000	-	-	-	8,005,000	0.25%	41,275	0.29%	47,985			

* = The Per Capital Income information presented is for the entire County of Ocean and the entire County of Burlington.

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

**PINELANDS REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
LITTLE EGG HARBOR TOWNSHIP**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	\$21,660,031	21,660,031	0.88%	N/A
2016	3,988,825	3,988,825	0.17%	N/A
2015	5,855,062	5,855,062	0.20%	N/A
2014	6,949,186	6,949,186	0.24%	N/A
2013	6,982,909	6,982,909	0.23%	343
2012	8,511,685	8,511,685	0.29%	422
2011	9,242,350	9,242,350	0.31%	460
2010	9,939,292	9,939,292	0.34%	477
2009	10,573,706	10,573,706	0.34%	511
2008	10,994,920	10,994,920	0.35%	537

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
EAGLESWOOD TOWNSHIP**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	\$759,499	\$ 759,499	0.28%	N/A
2016	412,079	412,079	0.15%	N/A
2015	674,147	674,147	0.24%	N/A
2014	677,419	677,419	0.25%	411
2013	825,727	825,727	0.31%	513
2012	896,609	896,609	0.34%	559
2011	964,220	964,220	0.36%	566
2010	1,082,705	1,082,705	0.35%	645
2009	1,040,060	1,040,060	0.34%	631
2008	560,350	560,350	0.18%	347

**PINELANDS REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
TUCKERTON BOROUGH**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	\$1,043,490	1,043,490	0.24%	N/A
2016	850,174	850,174	0.19%	N/A
2015	862,303	862,303	0.19%	N/A
2014	1,206,417	1,206,417	0.26%	N/A
2013	1,212,272	1,212,272	0.26%	360
2012	1,477,676	1,477,676	0.34%	439
2011	1,604,523	1,604,523	0.37%	479
2010	1,725,516	1,725,516	0.40%	441
2009	1,844,136	1,844,136	0.43%	474
2008	2,080,120	2,080,120	0.49%	540

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
BASS RIVER TOWNSHIP**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	452,828	443,249	0.26%	N/A
2016	300,336	443,249	0.28%	N/A
2015	443,249	443,249	0.28%	N/A
2014	445,400	445,400	0.23%	309
2013	542,912	542,912	0.28%	375
2012	589,517	589,517	0.31%	408
2011	633,971	633,971	0.33%	411
2010	652,453	652,453	0.33%	422
2009	742,900	742,900	0.37%	479
2008	400,250	400,250	0.55%	256

**PINELANDS REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017
LITTLE EGG HARBOR TOWNSHIP**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes: Local Municipality	\$21,660,031	100.00%	<u>\$21,660,031</u>
Subtotal, Overlapping Debt			
Pinelands Regional School District	5,393,000	74.93%	4,040,975
County of Ocean	391,912,000	2.58%	<u>10,100,911</u>
Subtotal, Overlapping Debt			<u>35,801,916</u>
Local School District Direct Debt	24,510,000	100.00%	<u>15,614,400</u>
Total Direct & Overlapping Debt			<u><u>\$51,416,316</u></u>

**AS OF JUNE 30, 2017
EAGLESWOOD TOWNSHIP**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes: Local Municipality	\$759,499	100.00%	<u>\$759,499</u>
Subtotal, Overlapping Debt			
Pinelands Regional School District	5,393,000	7.94%	428,204
County of Ocean	391,912,000	0.26%	<u>1,021,800</u>
Subtotal, Overlapping Debt			<u>2,209,503</u>
Local School District Direct Debt	5,409,506	100.00%	<u>5,409,506</u>
Total Direct & Overlapping Debt			<u><u>\$7,619,009</u></u>

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

**PINELANDS REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017
TUCKERTON BOROUGH**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Local Municipality	\$ 1,043,490	100.00%	<u>\$ 1,043,490</u>
Subtotal, Overlapping Debt			
Pinelands Regional School District	5,393,000	11.24%	606,173
County of Ocean	391,912,000	0.47%	<u>1,822,808</u>
Subtotal, Overlapping Debt			<u>3,472,471</u>
Local School District Direct Debt	1,260,000	100.00%	<u>1,260,000</u>
Total Direct & Overlapping Debt			<u><u>\$4,732,471</u></u>

**AS OF JUNE 30, 2017
BASS RIVER TOWNSHIP**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Local Municipality	\$ 452,828	100.00%	<u>\$ 410,828</u>
Subtotal, Overlapping Debt			
Pinelands Regional School District	5,393,000	5.89%	317,647.70
County of Burlington	391,912,000	0.39%	<u>1,515,214</u>
Subtotal, Overlapping Debt			<u>2,243,690</u>
Local School District Direct Debt	-	100.00%	<u>-</u>
Total Direct & Overlapping Debt			<u><u>\$ 2,243,690</u></u>

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

**PINELANDS REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
LITTLE EGG HARBOR TOWNSHIP
(Dollars in Thousands)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 79,245,455	\$ 81,777,970	\$ 89,494,592	\$ 93,575,311	\$ 95,415,706	\$ 95,415,706	\$ 71,248,066	\$ 106,680,946	\$ 104,114,978	\$ 93,768,925
Total Net Debt Applicable to Limit	21,660,031	4,902,268	6,949,186	7,747,297	8,511,685	8,511,685	9,242,350	9,908,787	10,573,706	11,253,396
Legal Debt Margin	<u>\$ 57,585,424</u>	<u>\$ 76,875,702</u>	<u>\$ 82,545,406</u>	<u>\$ 85,828,014</u>	<u>\$ 86,904,021</u>	<u>\$ 86,904,021</u>	<u>\$ 62,005,716</u>	<u>\$ 96,772,159</u>	<u>\$ 93,541,272</u>	<u>\$ 82,515,529</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	27.33%	5.99%	7.76%	8.28%	8.92%	8.92%	12.97%	9.29%	10.16%	12.00%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2016	\$ 2,163,791,174
2015	\$ 2,267,936,824
2014	<u>2,360,739,571</u>
	<u>\$ 6,792,467,569</u>
Average Equalized Valuation of Taxable Property	<u>\$ 2,264,155,856</u>
Debt Limit (3.50% of Average Equalization Value) Net Bonded School Debt	\$ 79,245,455
Legal Debt Margin	<u>\$ 57,585,424</u>

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

**PINELANDS REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
EAGLESWOOD TOWNSHIP
(Dollars in Thousands)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 8,398,933	\$ 8,473,662	\$ 8,924,360	\$ 9,343,614	\$ 9,258,816	\$ 9,258,816	\$ 10,150,539	\$ 10,356,442	\$ 10,655,436	\$ 9,626,723
Total Net Debt Applicable to Limit	759,499	506,445	674,147	751,573	751,573	825,727	896,609	1,014,620	1,082,705	1,155,322
Legal Debt Margin	\$ 7,639,434	\$ 7,967,217	\$ 8,250,213	\$ 8,592,041	\$ 8,507,243	\$ 8,433,089	\$ 9,253,930	\$ 9,341,822	\$ 9,572,731	\$ 8,471,401
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.04%	5.98%	7.55%	8.04%	8.12%	8.92%	8.83%	9.80%	10.16%	12.00%

Legal Debt Margin Calculation for Fiscal Year 2016

Average Equalized Valuation of Taxable Property	Equalized Valuation Basis	
	2016	\$229,795,284
	2015	\$243,481,828
	2014	246,636,613
		<u>\$719,913,725</u>
		<u>\$239,971,242</u>
Debt Limit (3.50% of Average Equalization Value)		\$ 8,398,993
Net Bonded School Debt		<u>759,499</u>
Legal Debt Margin		<u>\$ 7,639,494</u>

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

**PINELANDS REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
TUCKERTON BOROUGH
(Dollars in Thousands)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 13,968,987	\$ 14,238,703	\$ 16,001,106	\$ 16,774,905	\$ 17,036,868	\$ 17,036,868	\$ 18,340,688	\$ 18,516,728	\$ 18,171,284	\$ 16,812,885
Total Net Debt Applicable to Limit	1,043,490	850,174	1,206,417	1,344,974	1,477,676	1,477,676	1,604,523	1,728,169	1,844,136	2,017,748
Legal Debt Margin	\$ 12,925,497	\$ 13,388,529	\$ 14,794,689	\$ 15,429,931	\$ 15,559,192	\$ 15,559,192	\$ 16,736,165	\$ 16,788,559	\$ 16,327,148	\$ 14,795,137
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.47%	5.97%	7.54%	8.02%	8.67%	8.67%	8.75%	9.33%	10.15%	12.00%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2016	\$ 405,917,431
2015	\$ 393,472,893
2014	397,951,416
	<u>\$ 1,197,341,740</u>
	<u>\$ 399,113,913</u>
	\$ 13,968,987
	<u>1,043,490</u>
	<u>\$ 12,925,497</u>

Average Equalized Valuation of Taxable Property

Debt Limit (3.50% of Average Equalization Value)
Net Bonded School Debt

Legal Debt Margin

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

**PINELANDS REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
BASS RIVER TOWNSHIP
(Dollars in Thousands)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 6,352,706	\$ 6,323,081	\$ 6,362,395	\$ 6,725,794	\$ 4,846,216	\$ 4,860,064	\$ 4,860,064	\$ 4,086,104	\$ 4,086,104	\$ 5,720,546
Total Net Debt Applicable to Limit	<u>452,828</u>	<u>369,133</u>	<u>443,249</u>	<u>494,156</u>	<u>542,912</u>	<u>542,912</u>	<u>589,517</u>	<u>661,889</u>	<u>652,453</u>	<u>686,534</u>
Legal Debt Margin	<u>\$ 5,899,878</u>	<u>\$ 5,953,948</u>	<u>\$ 5,919,146</u>	<u>\$ 6,231,638</u>	<u>\$ 4,303,304</u>	<u>\$ 4,317,152</u>	<u>\$ 4,270,547</u>	<u>\$ 3,424,215</u>	<u>\$ 3,433,651</u>	<u>\$ 5,034,012</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.13%	5.84%	6.97%	7.35%	11.20%	11.17%	12.13%	16.20%	15.97%	12.00%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2016	\$ 177,690,912
2015	\$ 190,269,922
2014	<u>176,556,821</u>
	<u>\$ 544,517,655</u>
Average Equalized Valuation of Taxable Property	<u>\$ 181,505,885</u>
Debt Limit (3.5% of Average Equalization Value) Net Bonded School Debt	\$ 6,352,706 <u>452,828</u>
Legal Debt Margin	<u>\$ 5,899,878</u>

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

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Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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**PINELANDS REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR		POPULATION	PERSONAL INCOME	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
LITTLE EGG HARBOR TOWNSHIP					
2017		N/A	N/A	N/A	N/A
2016		20,065	N/A	N/A	N/A
2015		20,396	N/A	N/A	8.6%
2014	*	20,396	881,392,744	43,214	11.7%
2013		20,482	881,053,712	43,016	11.9%
2012		20,244	852,697,524	42,121	11.7%
2011		20,122	818,744,058	40,689	10.7%
2010		20,824	845,704,288	40,612	6.5%
2009		20,677	854,931,919	41,347	5.0%
2008		20,479	826,696,272	40,368	5.7%
EAGLESWOOD TOWNSHIP					
2017		N/A	N/A	N/A	N/A
2016		1,603	N/A	N/A	N/A
2015		1,617	N/A	N/A	8.9%
2014	*	1,621	N/A	N/A	7.0%
2013		1,612	69,660,968	43,214	9.5%
2012		1,608	69,169,728	43,016	9.3%
2011		1,605	67,604,205	42,121	8.4%
2010		1,703	69,293,367	40,689	5.1%
2009		1,679	68,187,548	40,612	3.9%
2008		1,648	68,139,856	41,347	4.2%
TUCKERTON BOROUGH					
2017		N/A	N/A	N/A	N/A
2016		3,378	N/A	N/A	N/A
2015		3,396	N/A	N/A	7.5%
2014	*	3,377	N/A	N/A	9.0%
2013		3,356	#VALUE!	N/A	14.8%
2012		3,351	144,810,114	43,214	14.5%
2011		3,352	144,189,632	43,016	13.2%
2010		3,916	164,945,836	42,121	8.1%
2009		3,888	158,198,832	40,689	6.3%
2008		3,855	156,559,260	40,612	6.7%
BASS RIVER TOWNSHIP					
2017		N/A	N/A	N/A	N/A
2016		1,510	N/A	N/A	N/A
2015		1,442	N/A	N/A	10.5%
2014	*	1,446	74,668,548	51,638	12.3%
2013		1,449	74,114,901	51,149	9.2%
2012		1,450	71,732,950	49,471	9.0%
2011		1,444	68,714,184	47,586	9.0%
2010		1,541	73,018,744	47,384	8.7%
2009		1,547	73,881,626	47,758	5.1%
2008		1,551	71,803,545	46,295	3.7%

* 2010 Census

**PINELANDS REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

LITTLE EGG HARBOR TOWNSHIP

NOT AVAILABLE

EAGLESWOOD TOWNSHIP

NOT AVAILABLE

TUCKERTON BOROUGH

NOT AVAILABLE

BASS RIVER TOWNSHIP

NOT AVAILABLE

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	114.0	117.0	125.0	124.0	128.0	128.0	130.0	137.0	126.0	130.0
Special Education	43.0	39.0	39.0	43.0	43.0	45.0	46.0	49.0	59.0	66.0
Other Special Education Instruction	16.0	15.0	16.0	25.0	25.0	14.0	14.0	9.0	10.0	11.0
Support Services:										
Student & Instruction Related Services	51.0	51.5	58.0	51.0	52.0	67.0	67.0	63.0	55.0	44.0
General Administrative Services	9.0	9.0	5.0	5.0	5.0	4.0	4.0	2.0	3.0	3.0
School Administrative Services	11.0	14.0	13.0	13.0	13.0	8.0	8.0	15.0	8.0	8.0
Business Administrative Services	4.0	4.5	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Plant Operations & Maintenance	33.0	33.0	34.0	34.0	34.0	33.0	33.0	32.0	34.0	29.0
Pupil Transportation	1.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	282.0	283.5	300.0	305.0	304.0	307.0	312.0	301.0	297.0	312.0

Source: District Personnel Records

**PINELANDS REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	TEACHER RATIO			AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						MIDDLE SCHOOL	SENIOR HIGH SCHOOL	SCHOOL				
2017	1,585	\$ 35,722,606	\$ 22,538	0.71%	156	1:9:0	1:9:0	1,556.18	1,450.99	0.40%	93.24%	
2016	1,577	35,292,460	22,379	2.66%	156	1:9:0	1:9:0	1,550	1,453	-0.90%	93.74%	
2015	1,635	34,923,649	21,800	4.10%	163	1:9:0	1:9:0	1,564	1,459	-2.37%	93.29%	
2014	1,646	34,238,960	20,941	-0.38%	167	1:9:0	1:9:0	1,602	1,483	-0.25%	92.57%	
2013	1,750	34,600,428	21,021	12.82%	171	1:8:0	1:9:0	1,606	1,572	-5.81%	97.88%	
2012	1,781	32,606,116	18,632	1.59%	173	1:8:2	1:9:0	1,705	1,543	-3.18%	90.50%	
2011	1,824	32,664,014	18,340	-1.42%	176	1:7:9	1:9:0	1,761	1,566	-0.90%	88.93%	
2010	1,870	33,935,991	18,605	11.02%	186	1:8:4	1:9:0	1,777	1,635	-1.44%	92.01%	
2009	1,870	31,339,090	16,759	2.74%	185	1:8:5	1:8:9	1,803	1,664	-1.26%	92.29%	
2008	1,908	30,502,825	16,312	6.18%	196	1:9:1	1:9:2	1,826	1,676	-2.41%	91.79%	

Sources: District records

Note: Enrollment based on annual October district count.

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

**PINELANDS REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Middle School:										
Square Feet	151,000	151,000	151,000	151,000	151,000	151,000	151,000	151,000	151,000	151,000
Capacity (Students)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	768	831	778	822	899	841	634	972	1,017	950
High School:										
Square Feet	219,000	219,000	219,000	219,000	219,000	219,000	219,000	219,000	219,000	219,000
Capacity (Students)	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	796	756	935	958	956	956	1,237	880	891	948
Alternate School:										
Square Feet	4,200	4,200	4,200	4,200	4,200	4,200	N/A	N/A	N/A	N/A
Capacity (Students)	48	48	48	48	48	48	N/A	N/A	N/A	N/A
Enrollment	13	15	16	14	15	15	N/A	N/A	N/A	N/A
Other Buildings:										
Administration Building:										
Square Feet	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600

Number of Schools at June 30, 2016:
 Middle School = 1
 High School = 1
 Other = 1

Source: District Facilities Office

**PINELANDS REGIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

* School Facilities Project Numbers	MIDDLE SCHOOL 4950-060-04-1000	HIGH SCHOOL	TOTAL
2017	\$ 263,384	\$ 345,785	\$ 609,169
2016	309,576	406,429	716,005
2015	260,355	341,809	602,164
2014	235,121	383,337	618,458
2013	240,929	349,427	590,356
2012	356,241	411,450	767,691
2011	260,702	455,778	716,480
2010	356,391	435,590	791,981
2009	329,809	401,800	731,609
2008	319,386	359,484	678,870

**INSURANCE SCHEDULE
JUNE 30, 2017**

COMPANY	TYPE OF COVERAGE	AMOUNT OF COVERAGE	DEDUCTIBLE
NJ School Board Insurance Co.	School Package Policy	\$109,891,884	\$5,000
	Property - Blanket Buildings & Grnds		0
	Flood	75,000,000	10,000
	Earthquake	50,000,000	5,000
	Computers	500,000	1,000
	General Liability	16,000,000	
	Employee Benefit Liability	16,000,000	1,000
	Public Employee Dishonesty & Faithful Performance	100,000	1,000
	Money & Securities - In/Out	25,000	1,000
	Forgery or Alteration	100,000	1,000
	Inland Marine: Computers	500,000	1,000
	School Board Legal Liability:		
	Each Loss	100,000	
Aggregate	300,000	10,000	
Abuse or Molestation:	included		
Comprehensive Auto Liability: Combined Single Limit	16,000,000		
New Jersey School Board Assoc	Workers Compensation	2,000,000	
Markel Insurance Co.	Student Accident	5,000,000	25,000
Fireman's Fund Insurance Company	Excess Umbrella Policy	50,000,000	10,000,000

Source: District Records

SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Pinelands Regional School District
County of Ocean
Little Egg Harbor, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Pinelands Regional School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Pinelands Regional School District’s basic financial statements, and have issued our report thereon dated January 30, 2018.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs to be significant deficiencies as finding no's. 2017-001 & 2017-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pinelands Regional School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey as finding no's. 2017-001 & 2017-002.

The Pinelands Regional School District's Response to Findings

The Pinelands Regional School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.



Rodney R. Haines
Certified Public Accountant
Public School Accountant, No. 2198

Toms River, New Jersey
January 30, 2018



HOLMAN | FRENIA
ALLISON, P.C.

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EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Pinelands Regional School District
County of Ocean
Little Egg Harbor, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Pinelands Regional School District's 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 School District's major federal and state programs for the fiscal year ended June 30, 2017. The Pinelands Regional School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a stylized flourish at the end.

Rodney R. Haines
Certified Public Accountant
Public School Accountant, No. 2198

Toms River, New Jersey
January 30, 2018

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

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Pinelands Regional School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

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

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

Note 3. Relationship to Basic Financial Statements

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

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

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,308 for the general fund and (\$9,221) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 107,829	\$ 15,224,741	\$ 15,332,570
Special Revenue Fund	968,910	493,945	1,462,855
Capital Projects Fund	-	-	-
Debt Service Fund	-	708,175	708,175
Food Service Fund	469,049	8,138	477,187
	<u>469,049</u>	<u>8,138</u>	<u>477,187</u>
Total Awards & Financial Assistance	<u>\$ 1,545,788</u>	<u>\$ 16,434,999</u>	<u>\$ 17,980,787</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

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

**PINELANDS REGIONAL 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? _____ yes X no

2) Significant deficiency(ies) identified? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

2) Significant deficiency(ies) 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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	S010A160030	Title I, Part A
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs _____ \$750,000 _____

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

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

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

State Financial Assistance

Dollar threshold used to determine Type A programs \$750,000

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

 2) Significant deficiency(ies) identified? yes X no

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

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-078</u>	<u>State Aid Public:</u>
<u>495-034-5120-084</u>	<u>Equalization Aid</u>
<u>495-034-5120-085</u>	<u>Security Aid</u>
<u>495-034-5120-089</u>	<u>Adjustment Aid</u>
<u>495-034-5120-097</u>	<u>Special Education Categorical Aid</u>
<u>495-034-5120-098</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-101</u>	<u>PARCC Readiness Aid</u>
<u>495-034-5120-014</u>	<u>Professional Learning Community Aid</u>
<u>495-034-5120-014</u>	<u>Transportation Aid</u>

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

Section II – Financial Statement Findings

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

Finding 2017-001:

Criteria or specific requirement:

N.J.A.C. 6A:23A-16.12(c) states that “receipts shall be detailed showing date, sources, purpose and amount. All receipts should be promptly deposited in the bank.”

Condition:

During our testing of receipts in the Student Activities Fund it was noted that deposits did not contain sufficient detail and were not promptly deposited.

Context:

Seventy-nine out of ninety-seven deposits did not contain sufficient detail.

Cause:

The advisor could not provide sufficient evidentiary support.

Effect or potential effect:

Not maintaining sufficient detail for deposits does not provide a proper audit trail.

Recommendation:

That sufficient evidence be “receipts shall be detailed showing date, sources, purpose and amount. All receipts should be promptly deposited in the bank.”

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

**PINELANDS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings (Continued)

Finding 2017-002:

Criteria or specific requirement:

Asset identification tags should be affixed to all capital assets purchased and replaced as identification tags are lost, damaged or unreadable. The capital asset inventory ledger should be updated when identification tags are replaced or the asset is relocated.

Condition:

During our testing of capital assets, District personnel were unable to locate four (4) capital assets from the capital asset inventory ledger and ten (10) capital assets did not have identification tags affixed to them.

Context:

The above items were noted from a sample of sixty (60) capital assets.

Cause:

The capital asset inventory listing was not updated and assets were not periodically being reviewed to ensure that the identification tags remained affixed to the asset.

Effect or potential effect:

Failure to update the capital asset inventory ledger and replace identification tags could lead to overstatement of the capital asset balance or misappropriation of assets.

Recommendation:

That the District implement proper controls to ensure that all capital assets are affixed with identification tags and that the capital asset inventory ledger is updated for all disposals and relocations of capital assets.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

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

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

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

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None

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

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

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.