

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF PITTSBGROVE**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2017

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

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OF THE PITTSBORO TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

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Henry Bermann
Superintendent of Schools
(Ext. 4016)

Darren Harris
Business Admin./Board Sec.
(Ext. 4018)

November 17, 2017

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

Dear Board Members:

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

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

We are an Equal Opportunity Employer - F/M

1. REPORTING ENTITY AND ITS SERVICES:

The Pittsgrove Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Pittsgrove Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular, vocational, alternative and remedial, as well as special education for handicapped students. Vocational opportunities are provided through the Salem County Vocational and Technical School. The Pittsgrove Township School District also receives students on a tuition basis for grades PreK–12 from the Borough of Elmer. In Schalick High School, the district houses three county-wide academies in the Visual and Performing Arts. These are magnet programs in Dance, Theater and Visual Arts. The District completed the 2016-17 fiscal year with an enrollment of 1,685 students, including Academy students, which is 118 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	1,685.0	(6.54)%
2015-16	1,803.0	0.11%
2014-15	1,801.0	3.32%
2013-14	1,743.0	1.34%
2012-13	1,720.0	(1.29)%
2011-12	1,742.1	(5.12)%
2010-11	1,836.2	2.93%
2009-10	1,784.0	(.59)%
2008-09	1,794.7	3.99%
2007-08	1,869.3	(3.31)%

2. ECONOMIC CONDITION AND OUTLOOK:

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

MAJOR INITIATIVES/CURRICULA INITIATIVES:

Technology:

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

The use of Chromebooks helps to support the District goal of increasing 21st Century technology skills and collaboration. With these devices, our students are readily able to utilize their own pittsgrove.net G-mail accounts and interface with Google Docs. Interactive displays, which bring rich, web-based educational content on screen, are utilized as a teaching tool in every classroom across the District. Another highlight of the 2016-2017 school year was the creation of Schalick High School's Makerspace. Makerspace provides an interactive environment where students can create, investigate, and engage in technology-related activities.

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

Pittsgrove Township School District, K-12:

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

Norma, Elmer, and Olivet Elementary Schools:

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

Norma, Elmer, and Olivet School continue to receive professional development and support materials for curricula revision, benchmark creation, and new writing and math programs. During the 2016-2017 school year, the Norma, Elmer, and Olivet Elementary Schools implemented the *My Math* curriculum into their classrooms. Professional development opportunities during the half-day sessions were dedicated for teachers to collaborate and become more familiar with these curricular resources to meet the needs of their student learners. Norma Elementary School implemented the Zaner-Bloser Handwriting Program this year, while both Elmer and Olivet implemented the Lucy Calkins *Writer's Workshop* model into the language arts instruction.

Pittsgrove Township Middle School:

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

Arthur P. Schalick High School:

Arthur P. Schalick High School strives to attain the highest level of academic achievement for all of its students. Academic rigor, high expectations, social and moral standards, and a commitment to excellence are embedded in all educational programs. During the 2016-2017 school year, Schalick entered into a Dual Credit Agreement with Salem Community College, where students may earn college credit for various courses completed at Schalick High School. The Academy is a joint venture with the Salem County Vocational Technical School District and is housed at Schalick High School. Each year, many students from the surrounding areas, as well as Schalick students, are accepted into the Academy Program. Through an Articulation Agreement with Rowan University, students in the Theater program can earn college credits.

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

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

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

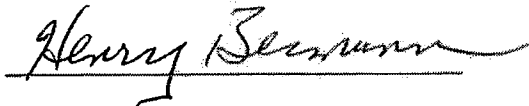
9. OTHER INFORMATION:

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

10. ACKNOWLEDGMENTS:

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

Respectfully submitted,



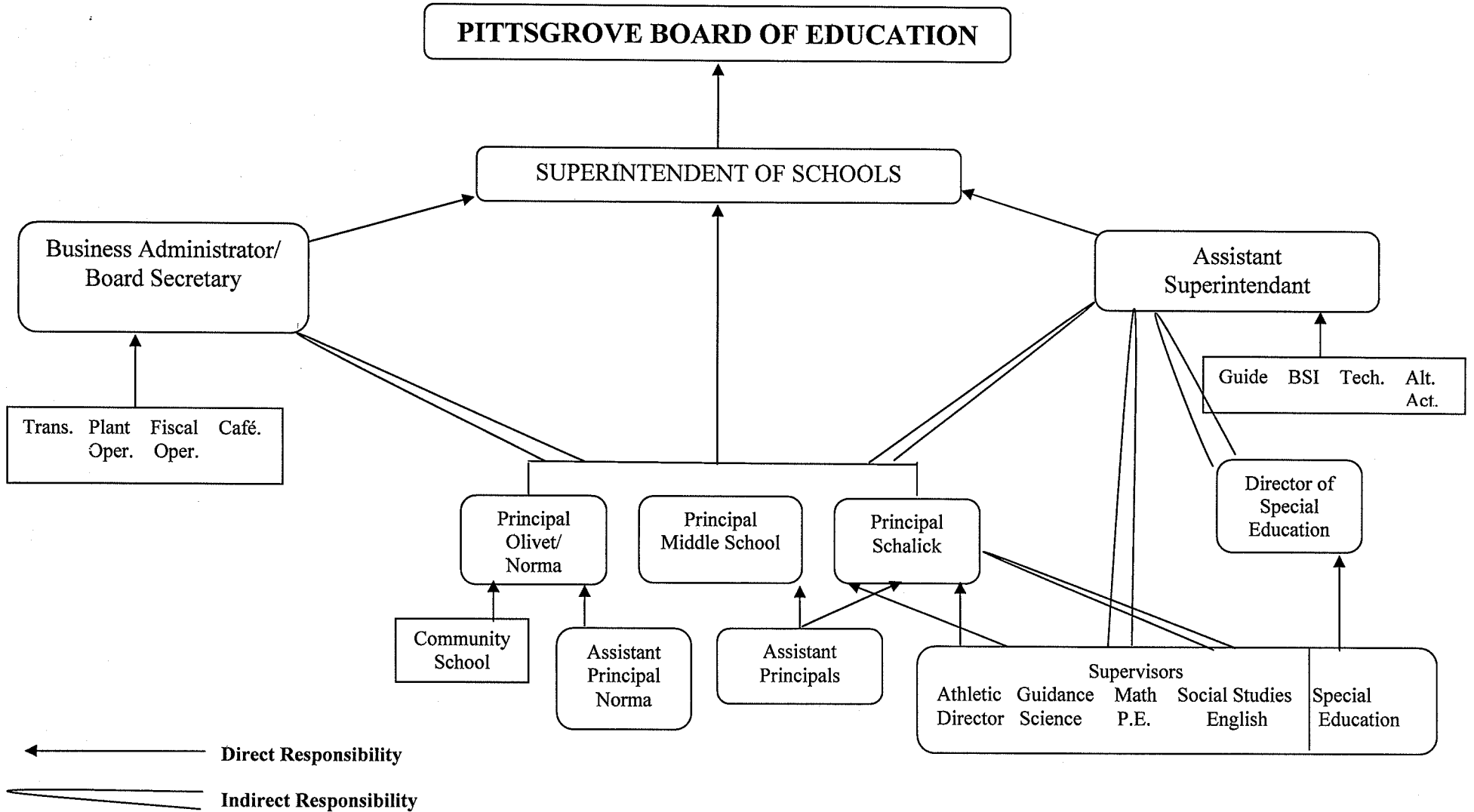
Henry Bermann
Superintendent of Schools



Darren Harris
Business Administrator/
Board Secretary

ADMINISTRATOR/SUPERVISOR

RESPONSIBILITY AND ORGANIZATION



PITTSGROVE TOWNSHIP BOARD OF EDUCATION
PITTSGROVE, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2017

<u>Board Members Name</u>	<u>Position</u>	<u>Term Expires</u>
Peter Lawlor	President	2019
Dominick J. Miletta, III	Vice President	2017
Susan Cushane-Miranda	Board Member	2018
Steven DiMatteo	Board Member	2017
Timothy Hack	Board Member	2018
Donna Yeagle	Board Member	2017
Shannon Morgan-Leonen	Board Member	2019
Joseph E. Wentzell	Board Member	2018
Samuel Wheaton	Board Member (Elmer Representative)	2017
<u>Other Officials</u>		<u>Amount of Bond</u>
Henry Bermann	Superintendent	\$ 250,000
Darren Harris	Business Administrator/ Board Secretary	250,000
Lipman, Antonelli, Batt, Gilson Rothman & Capasso	General Counsel	
Parker, McCay, PA	General Counsel	
Porzio, Bromberg & Newman, PC	General Counsel	
Simon, Schwarts, Edelstein, & Celso, LLC	General Counsel	

TOWNSHIP OF PITTSBORO BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

ARCHITECT

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Mount Laurel, NJ 08054-5054

General Counsel
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General Counsel/Labor Relations & Negotiations

Mr. Paul C. Kalac
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TOWNSHIP OF PITTS GROVE BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

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Bond Counsel

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Parker McCay, P.A.
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OFFICIAL DEPOSITORY

First National Bank of Elmer

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Elmer, NJ 08318

FISCAL AGENT

Parker, McCay & Criscuolo, P.C.

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Marlton, NJ 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association
Certified Public Accountants*

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November 17, 2017

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2017 on our consideration of the Pittsgrove Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Pittsgrove Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

UNAUDITED

The discussion and analysis of Pittsgrove Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- ❖ General revenues of the District accounted for \$30,745,989 in revenue or 79% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$8,191,459 or 21% percent to total revenues of \$38,937,448.
- ❖ Total Net Position of governmental activities decreased by \$1,665,419 comprised of changes in cash and cash equivalents, receivables, inventory, and capital assets. The Net Position of the Business-type Activities increased by \$55,227.
- ❖ The School District had \$40,547,640 in total expenses, of which \$8,191,459 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes) of \$30,745,989 were not adequate to provide for these programs. These revenues and expenses include the Business-type Activities.
- ❖ The General Fund had \$30,110,227 in revenues, \$32,102,008 in expenditures and \$1,109,046 in net other financing uses. Other financing sources represented \$26,615 transferred to a Charter School and transferred to the Capital Projects Fund of \$55,953, offset by proceeds from capital lease of \$1,191,515 and interest income of \$99. The General Fund balance decreased by \$882,735 over 2016. This decrease was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains numerous funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

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

Table 1 provides a comparative summary of the School District's Net Position for the years ended in 2017 and 2016.

Table 1
Net Position

	2017	2016
Assets		
Current and Other Assets	\$ 2,437,950	\$ 3,610,353
Capital Assets, Net	13,945,990	14,151,740
Total Assets	16,383,940	17,762,093
Deferred Outflows of Resources	3,400,143	1,658,693
Liabilities		
Other Liabilities	13,974,670	12,083,624
Non-Current Liabilities	8,630,296	8,749,018
Total Liabilities	22,604,966	20,832,642
Deferred Inflows of Resources	854,436	700,491
Net Position		
Invested in Capital Assets, Net of Debt	6,002,547	6,124,224
Restricted	87,502	1,144,205
Unrestricted (Deficit)	(9,765,368)	(9,380,776)
Total Net Position	\$ (3,675,319)	\$ (2,112,347)

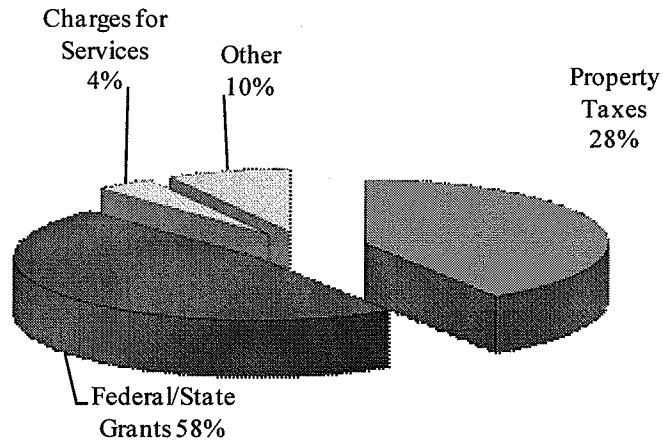
Table 2 shows the changes in Net Position from fiscal year's 2017 and 2016.

Table 2
Changes in Net Position

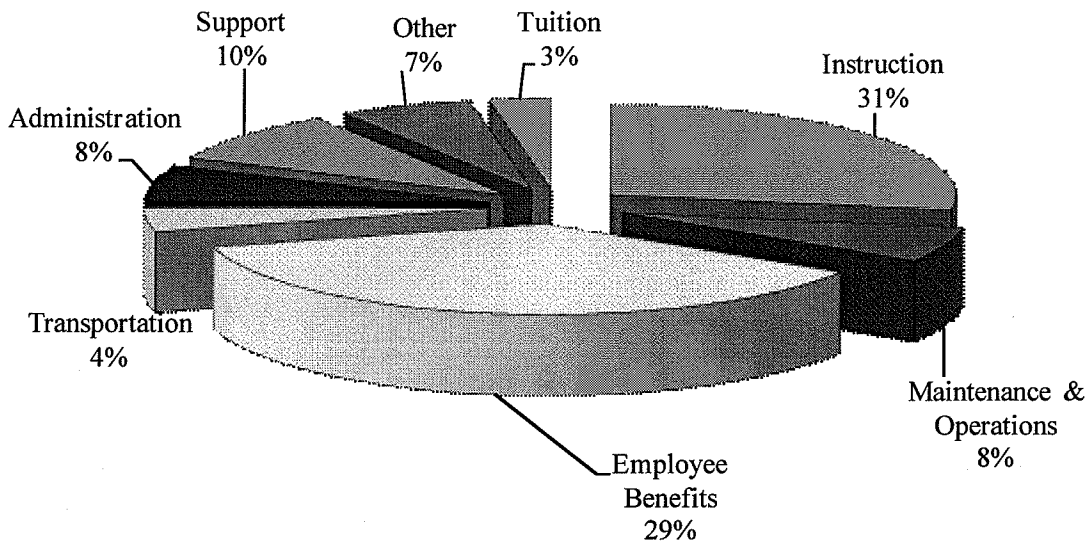
	2017	2016
Revenues		
Programs Revenues		
Charges for Services	\$ 1,509,753	\$ 1,647,839
Operating Grants and Contributions	6,681,706	7,646,339
General Revenues		
Property Taxes	15,959,829	10,269,183
Grants and Entitlements	11,615,909	14,002,177
Other	3,196,866	3,354,326
Total Revenues	38,964,063	36,919,864
Program Expenses		
Instruction	11,233,032	11,155,728
Tuition	1,171,860	550,426
Support Services		
Pupils and Instructional Staff	3,733,780	3,735,765
General Administration, School Administration, Business Operations and Maintenance of Facilities	2,635,500	2,764,283
Pupil Transportation	2,550,312	2,918,010
Employee Benefits	1,752,147	1,853,814
Special Schools	14,928,283	11,172,400
Interest on Debt	43,448	43,448
Food Service and Child Care	357,371	294,624
Other	850,683	821,124
Total Expenses	40,547,640	36,572,906
Excess of Expenditures over Revenues	(1,583,577)	346,958
Other Adjustments:		
Cancellation of Receivables and Payables		
Transfer to Charter School	(26,615)	(26,648)
(Decrease) Increase in Net Position	\$ (1,610,192)	\$ 320,310

The breakdown by percentage of revenues and expenditures of the entire District as a whole for the fiscal year ended June 30, 2017 are illustrated in the two charts shown on the following page:

Revenues for Fiscal Year 2017



Expenses for Fiscal Year 2017



Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The total governmental revenues of the Pittsgrove Township School District for fiscal year 2017, excluding business-type activities and other net financing uses, were \$30,745,216. The District's Property taxes made up 51.9% percent of these net revenues for governmental activities. Unrestricted Federal, state and local grants accounted for another 37.7%. The total cost of services was \$39,696,957. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$32,410,635. Instruction comprises 34.6% of these net District expenses.

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

Table 3

	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Instruction	\$ 11,233,032	\$ 10,449,443	\$ 11,155,728	\$ 10,278,108
Tuition	1,171,860	1,171,860	550,426	550,426
Support Services				
Pupils and Instructional Staff	3,733,780	3,344,057	3,735,765	3,403,184
General Administration, School				
Administration, Business	2,635,500	2,291,142	2,764,283	2,366,980
Operation and Maintenance of Facilities	2,550,312	2,537,751	2,918,010	2,733,016
Pupil Transportation	1,752,147	1,467,035	1,853,814	1,590,569
Employee Benefits	14,928,283	9,457,304	11,172,400	4,847,087
Special Schools			43,448	43,448
Interest and Fiscal Charges	357,371	357,371	294,624	294,624
Other	1,334,672	1,334,672	1,263,284	1,263,284
Total Expenses	<u>\$ 39,696,957</u>	<u>\$ 32,410,635</u>	<u>\$ 35,751,782</u>	<u>\$ 27,370,726</u>

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization of debt issue costs.

Business-Type Activities

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

- ❖ Program Revenues exceeded Expenses by \$54,454. There was no board subsidy required for the year. There was also miscellaneous interest revenue of \$773, resulting in a positive change in Net Position of \$55,227.
- ❖ Charges for services represent \$367,768 for the Food Service Fund and \$157,319 in the Child Care (SACC) Fund. This represents amount paid by patrons for daily food services and SACC activities.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$380,050.

The School District's Funds

Information about the School District's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$31,783,514, expenditures of \$33,778,117 and other financing uses of \$1,046,098, including the transfer to a Charter School, miscellaneous revenue, a transfer from the Capital Projects Fund and proceeds from capital leases. The net negative change in Governmental fund balances for the year was \$948,505, which includes \$882,735 in the General fund, and \$65,849 in the Capital Projects fund, offset by \$79 in the Permanent fund. The District was, therefore, able to meet current operating costs with the appropriation of \$338,000 in surplus, with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects and permanent scholarship funds) for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 13,747,147	43.26%	\$ 105,470	0.77%
State Sources	17,221,406	54.18%	349,696	2.07%
Federal Sources	814,961	2.56%	(105,593)	-11.47%
Total	\$ 31,783,514	100.00%	\$ 349,573	1.11%

The increase in Local sources is attributed to increases in local tax levy of \$281,871 and \$1,018 in interest earned, offset by a decrease of \$129,985 in other miscellaneous revenue and tuition revenue of \$47,434.

The increase in State sources is attributed to increases in various state public aid of \$349,696.

The decrease in Federal sources is due to a decrease in various other special revenue grants of \$113,455, offset by an increase in Medicaid Aid of \$7,862. In addition, the 2017 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2017 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$ 11,151,530	33.01%	\$ (41,898)	-0.37%
Undistributed Expenditures	20,273,279	60.02%	1,959,331	10.70%
Capital Outlay	1,575,280	4.66%	309,875	24.49%
Debt Service:				
Principal	560,000	1.66%	10,000	1.82%
Interest	218,028	0.65%	(17,400)	-7.39%
Special Schools		0.00%	(43,448)	-100.00%
Total	\$ 33,778,117	100.00%	\$ 2,176,460	6.89%

The decrease in instructional expenditures is attributed to decreases in special education instruction of \$271,820, other special instruction expenses of \$44,451 and other instruction of \$6,621, offset by an increase in regular instructional expenses of \$280,994.

The increase in undistributed expenditures was due to increases in tuition costs of \$621,434, pupil transportation of \$216,105 and employee benefit cost of \$1,376,489, offset by decreases in student and instruction related services of \$106,985, plant operations and maintenance of \$19,112, central services and information technology costs of \$69,247, general administration of \$33,973 and school administration costs of \$25,380.

The increase in capital outlay is attributed to overall increase in general fund capital outlay of \$309,875.

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

The decrease in special schools is attributed to an overall decrease in expenditures of \$43,448.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2017, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

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

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated of \$338,000, would roughly equal expenditures, the actual results for the year show a decrease in surplus of \$893,786 as shown on Exhibit C-1.

- ❖ Actual revenues were \$212,107 more than expected, excluding on-behalf pension, social security and long term disability reimbursements of \$3,120,324, reflecting a positive variance of \$3,332,431.
- ❖ Actual expenditures were \$334,568 less than expected and shows that there were favorable variances in most expenditure accounts. This excludes state on-behalf pension, social security and long term disability reimbursements of \$3,120,324, along with assets acquired under capital leases in the amount of \$1,191,515.

Capital Assets

At the end of the fiscal year 2017, the School District had \$13,945,990 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2017 balances compared to 2016.

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

	<u>2017</u>	<u>2016</u>
Land	\$ 196,431	\$ 196,431
Land Improvements	215,209	255,304
Building and Improvements	11,490,617	12,396,972
Buses	1,495,863	606,904
Furniture and Equipment	547,870	696,129
Totals	<u>\$ 13,945,990</u>	<u>\$ 14,151,740</u>

Overall capital assets decreased \$205,750 from fiscal year 2016 to fiscal year 2017. Increases in capital assets by purchase or construction were \$1,134,443. These additions were offset by depreciation expenses of \$1,340,193 for the year.

Debt Administration:

At June 30, 2017, the District's outstanding debt was \$8,630,296 and included \$5,271,000 of general obligation bonds, \$686,853 in compensated absences and \$2,672,443 in capital leases.

At June 30, 2017, the School District's overall legal debt margin was \$25,487,770 and the amount available in the debt margin for future borrowing \$20,216,770 or 79% of the total allowable amount.

Remaining outstanding debt at June 30, 2017 is as follows:

Description	Date of Issue	Amount of Issue	Amount Outstanding June 30, 2017
Construction of Additions and Other Improvements to Middle School	5/1/1999	\$ 6,950,000	\$ 2,400,000
2011 Various Capital Expenditures	12/18/2009	1,856,000	1,466,000
2013 Refunding Issue	3/20/2013	1,805,000	1,405,000

For the Future

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

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

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

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION

JUNE 30, 2017

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and Cash Equivalents	\$ 1,614,409	\$ 221,572	\$ 1,835,981
Receivables, Net	503,734	26,570	530,304
Inventory	52,978	15,936	68,914
Restricted Assets:			
Capital Reserve Account - Cash	2,751		2,751
Capital Assets, Net (Note 5)	13,852,786	93,204	13,945,990
	<hr/>	<hr/>	<hr/>
Total Assets	16,026,658	357,282	16,383,940
	<hr/>	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	3,275,422		3,275,422
Deferred Amounts on Refunding of Debt	124,721		124,721
	<hr/>	<hr/>	<hr/>
	3,400,143		3,400,143
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts Payable	660,070	29,584	689,654
Short-Term Loan Payable	1,320,886		1,320,886
Accrued Interest Payable	130,898		130,898
Unearned Revenue	682,713	8,611	691,324
Net Pension Liability	11,141,908		11,141,908
Noncurrent Liabilities (Note 6):			
Due Within One Year	1,447,853		1,447,853
Due Beyond One Year	7,182,443		7,182,443
	<hr/>	<hr/>	<hr/>
Total Liabilities	22,566,771	38,195	22,604,966
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	854,436		854,436
	<hr/>	<hr/>	<hr/>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	5,909,343	93,204	6,002,547
Restricted for:			
Capital Reserve	2,751		2,751
Permanent Endowment - Nonexpendable	91,681		91,681
Other Purposes	(6,930)		(6,930)
Unrestricted (Deficit)	(9,991,251)	225,883	(9,765,368)
	<hr/>	<hr/>	<hr/>
Total Net Position (Deficit)	\$ (3,994,406)	\$ 319,087	\$ (3,675,319)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 8,146,308	\$	\$ 783,589	\$ (7,362,719)	\$	\$ (7,362,719)
Special Education	2,221,725			(2,221,725)		(2,221,725)
Other Special Instruction	423,650			(423,650)		(423,650)
Other Instruction	441,349			(441,349)		(441,349)
Support Services:						
Tuition	1,171,860			(1,171,860)		(1,171,860)
Student & Instruction Related Services	3,733,780	342,635	47,088	(3,344,057)		(3,344,057)
School Administrative Services	1,033,114			(1,033,114)		(1,033,114)
General and Business Admin. Services	796,980	160,437		(636,543)		(636,543)
Central Services and Information Tech.	805,406	183,921		(621,485)		(621,485)
Plant Operations and Maintenance	2,550,312	12,561		(2,537,751)		(2,537,751)
Pupil Transportation	1,752,147	285,112		(1,467,035)		(1,467,035)
Employee Benefits	14,928,283		5,470,979	(9,457,304)		(9,457,304)
Interest on Long-Term Debt	357,371			(357,371)		(357,371)
Unallocated Depreciation	1,334,672			(1,334,672)		(1,334,672)
Total Governmental Activities	39,696,957	984,666	6,301,656	(32,410,635)		(32,410,635)
Business-Type Activities:						
Food Service	707,242	367,768	380,050		40,576	40,576
Child Care	143,441	157,319			13,878	13,878
Total Business-Type Activities	850,683	525,087	380,050		54,454	54,454
Total Primary Government	\$ 40,547,640	\$ 1,509,753	\$ 6,681,706	(32,410,635)	54,454	(32,356,181)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				10,033,892		10,033,892
Taxes Levied for Debt Service				5,925,937		5,925,937
Federal and State Aid not Restricted				11,615,909		11,615,909
Tuition Received				3,117,914		3,117,914
Investment Earnings				8,716	773	9,489
Miscellaneous Income				69,463		69,463
Transfer to Charter school				(26,615)		(26,615)
Total General Revenues, Special Items, Extraordinary Items and Transfers				30,745,216	773	30,745,989
Change in Net Position				(1,665,419)	55,227	(1,610,192)
Net Position—Beginning (Deficit)				(2,328,987)	263,860	(2,065,127)
Net Position—Ending (Deficit)				\$ (3,994,406)	\$ 319,087	\$ (3,675,319)

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

**PITTSBURGH TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Permanent</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 957,721	\$	\$	\$ 91,681	\$ 1,049,402
Due from Other Funds	53,617				53,617
State Aid Receivable	251,495				251,495
Federal Aid Receivable		121,400			121,400
Receivables from Other Governments	7,933				7,933
Other Accounts Receivable	7,255				7,255
Restricted Cash - Capital Reserve	2,751				2,751
Total Assets	<u>\$ 1,280,772</u>	<u>\$ 121,400</u>	<u>\$</u>	<u>\$ 91,681</u>	<u>\$ 1,493,853</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 519,143	\$ 66,208	\$	\$	\$ 585,351
Short-Term Loan Payable	1,313,956	6,930			1,320,886
Other Liabilities	22,225				22,225
Interfund Payable	21	53,617			53,638
Unearned Revenue		1,575			1,575
Total Liabilities	<u>1,855,345</u>	<u>128,330</u>			<u>1,983,675</u>
Fund Balances:					
Restricted:					
Capital Reserve	2,751				2,751
Assigned:					
Year-End Encumbrances	36,765				36,765
Special Revenue Fund (Deficit)		(6,930)			(6,930)
Permanent Fund				91,681	91,681
Unassigned, Reported In:					
General Fund (Deficit)	(614,089)				(614,089)
Total Fund Balances (Deficit)	<u>(574,573)</u>	<u>(6,930)</u>		<u>91,681</u>	<u>(489,822)</u>
Total Liabilities and Fund Balances	<u>\$ 1,280,772</u>	<u>\$ 121,400</u>	<u>\$</u>	<u>\$ 91,681</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 \$39,983,522 and the accumulated depreciation is \$26,130,736 (See Note 5).	13,852,786
Deferred Outflow of Resources - Deferred Pension Contribution.	124,721
Deferred Inflows of Resources - Pension Actuarial Gains.	3,275,422
Deferred Inflows of Resources - Employer Pension	(854,436)
Long Term Net Pension Liability	(11,141,908)
Accrued interest is not payable within the current year and therefore, not reported in the funds.	(130,898)
Internal Service Fund - Reserve for Encumbrances	25
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).	(8,630,296)
Net Position of Governmental Activities (Deficit)	<u>\$ (3,994,406)</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES						
Local sources:						
Local Tax Levy	\$ 10,033,892	\$	\$	\$ 517,162	\$	\$ 10,551,054
Tuition Charges - LEA's	3,071,329					3,071,329
Tuition Charges - ELLI	46,585					46,585
Interest Earned	8,338		99		279	8,716
Miscellaneous	32,367	35,096			2,000	69,463
Total - Local Sources	13,192,511	35,096	99	517,162	2,279	13,747,147
State Sources	16,891,240	69,300		260,866		17,221,406
Federal Sources	26,476	788,485				814,961
Total Revenues	30,110,227	892,881	99	778,028	2,279	31,783,514
EXPENDITURES						
Current:						
Regular Instruction	7,281,217	783,589				8,064,806
Special Education Instruction	2,221,725					2,221,725
Other Special Instruction	423,650					423,650
Other Instruction	441,349					441,349
Support Services:						
Tuition	1,171,860					1,171,860
Student & Instruction Related Services	3,292,388	47,088			2,200	3,341,676
General Administrative Services	633,248					633,248
School Administrative Services	1,033,114					1,033,114
Central Services and Information Technology	643,509					643,509
Plant Operations and Maintenance	2,614,841					2,614,841
Pupil Transportation	1,802,630					1,802,630
Employee Benefits	8,970,197	62,204				9,032,401
Debt Service:						
Principal				560,000		560,000
Interest and Other Charges				218,028		218,028
Capital Outlay	1,572,280		3,000			1,575,280
Total Expenditures	32,102,008	892,881	3,000	778,028	2,200	33,778,117
Excess (Deficiency) of Revenues over Expenditures	(1,991,781)		(2,901)		79	(1,994,603)
OTHER FINANCING SOURCES (USES)						
Transfer to Charter School	(26,615)					(26,615)
Transfer to Capital Projects Fund	(55,953)		55,953			
Interest Earned Transferred to General Fund	99		(99)			
Proceeds from Capital Leases	1,191,515					1,191,515
Cancellation of State Aid			(118,802)			(118,802)
Total Other Financing Sources and Uses	1,109,046		(118,802)			1,046,098
Net Change in Fund Balances	(882,735)		(121,703)		79	(948,505)
Fund Balance—July 1 (Deficit)	308,162	(6,930)	65,849		91,602	458,683
Fund Balance—June 30 (Deficit)	\$ (574,573)	\$ (6,930)	\$	\$	\$ 91,681	\$ (489,822)

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (948,505)

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

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

	Depreciation Expense	\$ (1,334,672)	
Capital Lease Principal paid in Operating Budget		706,589	
	Capital Outlays	1,113,852	
		485,769	485,769

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and differed inflows/outflows related to pension changed during the period. (529,105)

Proceeds from Capital Leases is not a revenue in the Statement of Activities (1,191,515)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 560,000

Increase in Compensated Absences is not considered an expense in the fund statements. 41,998

In the Statement of Activities, interest on long-term debt is accrued, regardless of when it is due. In the governmental funds, interest is charged when payment is due. (20,765)

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

Internal Service Fund - Decrease in Reserve for Encumbrances (58,772)

Change in Net Position of Governmental Activities (See A-2) **\$ (1,665,419)**

PROPRIETARY FUNDS

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	SACC Program	Totals	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 132,140	\$ 89,432	\$ 221,572	\$ 565,028
Accounts Receivable	21,601	4,969	26,570	115,651
Interfund Receivable				47,903
Inventories	15,936		15,936	52,978
Total Current Assets	169,677	94,401	264,078	781,560
Noncurrent Assets:				
Furniture, Machinery & Equipment	309,773		309,773	
Less Accumulated Depreciation	(216,569)		(216,569)	
Total Noncurrent Assets	93,204		93,204	
Total Assets	262,881	94,401	357,282	781,560
LIABILITIES				
Current Liabilities:				
Accounts Payable	29,584		29,584	878
Interfund Payable				47,903
Other Current Liabilities				51,616
Unearned Revenue	8,611		8,611	681,138
Total Liabilities	38,195		38,195	781,535
NET POSITION				
Invested in Capital Assets Net of Related Debt	93,204		93,204	
Assigned to:				
Encumbrances				25
Unrestricted	131,482	94,401	225,883	
Total Net Position	\$ 224,686	\$ 94,401	\$ 319,087	\$ 25

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

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

	Business-type Activities - Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service	SACC Program	Total Enterprise	
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 214,793		\$ 214,793	
Daily Sales - Non-reimbursable Programs	113,431		113,431	
Special Functions	33,596		33,596	
Service Charges		157,319	157,319	851,744
Miscellaneous	5,948		5,948	
Total Operating Revenues	367,768	157,319	525,087	851,744
Operating Expenses:				
Cost of Sales - Reimbursable Programs	245,057		245,057	
Cost of Sales - Non-Reimbursable Programs	53,135		53,135	
Salaries	217,683	120,230	337,913	632,149
Employee Benefits	39,629	7,548	47,177	7,106
Equipment				177,823
Purchased Professional/ Technical Services				8,337
Other Purchased Services				60,387
Supplies and Materials	29,177		29,177	49,128
Management Fees	56,369		56,369	
Insurance	17,882		17,882	
Miscellaneous Other Costs	42,789	15,663	58,452	108,508
Depreciation	5,521		5,521	
Total Operating Expenses	707,242	143,441	850,683	1,043,438
Operating Income (loss)	(339,474)	13,878	(325,596)	(191,694)
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	6,417		6,417	
Federal Sources:				
National School Lunch Program	241,026		241,026	
National School Breakfast Program	75,537		75,537	
Special Milk Program	930		930	
Food Distribution Program	56,140		56,140	
Transfer to Unearned Revenue				132,922
Interest and Miscellaneous Items	482	291	773	
Total Non-operating Revenues (Expenses)	380,532	291	380,823	132,922
Income (Loss) before Contributions & Transfers	41,058	14,169	55,227	(58,772)
Change in Net Position	41,058	14,169	55,227	(58,772)
Total Net Position—Beginning	183,628	80,232	263,860	58,797
Total Net Position—Ending	\$ 224,686	\$ 94,401	\$ 319,087	\$ 25

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

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	SACC Program	Total Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 367,768	\$ 157,319	\$ 525,087	\$ 851,744
Payments to employees	(217,683)	(120,230)	(337,913)	(369,442)
Payments for employee benefits	(39,629)	(7,548)	(47,177)	(7,106)
Payments to suppliers	(455,163)	(55,224)	(510,387)	(558,027)
Net cash provided by (used for) operating activities	(344,707)	(25,683)	(370,390)	(82,831)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	6,417		6,417	
Federal Sources	317,493		317,493	
Transfer to Unearned Revenue				132,922
Cancellation of Accounts Receivable				
Net cash provided by (used for) non-capital financing activities	323,910		323,910	132,922
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(20,591)		(20,591)	
Net cash provided by (used for) capital and related financing activities	(20,591)		(20,591)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	482	291	773	
Proceeds from sale/maturities of investments				
Net cash provided by (used for) investing activities	482	291	773	
Net increase (decrease) in cash and cash equivalents	(40,906)	(25,392)	(66,298)	50,091
Balances—beginning of year	173,046	114,824	287,870	514,937
Balances—end of year	\$ 132,140	\$ 89,432	\$ 221,572	\$ 565,028
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (339,474)	\$ 13,878	\$ (325,596)	\$ (191,694)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	5,521		5,521	
Federal commodities	56,140		56,140	
(Increase) decrease in accounts receivable, net	39,248	3,812	43,060	264,070
(Increase) decrease in interfund receivable	191,536		191,536	(16,793)
(Increase) decrease in inventories	(3,405)		(3,405)	
Increase (decrease) in accounts payable	(294,643)	(807)	(295,450)	878
Increase (decrease) in unearned revenue	370		370	(56,773)
Increase (decrease) in interfun ds payable		(40,916)	(40,916)	(82,544)
Increase (decrease) in other liabilities				25
Increase (decrease) in compensated absences		(1,650)	(1,650)	
Total adjustments	(5,233)	(39,561)	(44,794)	108,863
Net cash provided by (used for) operating activities	\$ (344,707)	\$ (25,683)	\$ (370,390)	\$ (82,831)

FIDUCIARY FUNDS

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

	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 91,681	\$ 188,540
Due from General		21
	<hr/>	<hr/>
Total Assets	91,681	188,561
	<hr/>	<hr/>
LIABILITIES		
Payable to Student Groups		172,565
Payroll Deductions and Withholdings		15,996
	<hr/>	<hr/>
Total Liabilities		\$ 188,561
	<hr/>	<hr/>
NET POSITION		
Reserved for Scholarships	\$ 91,681	
	<hr/>	

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

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

	<u>Private Purpose Scholarship Fund</u>
ADDITIONS	
Investment Earnings:	
Contributions	\$ 2,000
Interest	279
	<hr/>
Total Additions	2,279
DEDUCTIONS	
Scholarships Awarded	2,200
	<hr/>
Change in Net Position	79
Net Position—Beginning of the Year	91,602
	<hr/>
Net Position—End of the Year	\$ 91,681
	<hr/> <hr/>

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

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

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

A. Reporting Entity:

The Pittsgrove Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms and one sending district member appointed annually. The purpose of the district is to educate students in grades K-12. The School District had an approximate enrollment at June 30, 2017 of 1,685 students.

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. New Accounting Standards:

The School District has adopted the following GASB statements:

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

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

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

A. New Accounting Standards (Continued):

The School District has adopted the following GASB statements:

- GASB No. 81 - *Irrevocable Split-Interest Agreements*: The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 81 on the School District's financial statements. The adoption of GASB 81, did not impact the financial statements of the School District.

- GASB No. 82 - *Pensions - an Amendment of GASB No. 67, No. 68 and No. 73*: The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The adoption of GASB 82, will impact the financial statements of the School District.

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

- GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.

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

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

A. New Accounting Standards (Continued):

- GASB No. 83 - Certain Asset Retirement Obligations: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.
- GASB No. 84 - Fiduciary Activities: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- GASB No. 85 - Omnibus 2017: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 85 on the School District's financial statements.
- GASB No. 86 - Certain Debt Extinguishment Issues: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 86 on the School District's financial statements.

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

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

A. New Accounting Standards (Continued):

- GASB No. 87 - Leases: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.

A. Basis of Presentation:

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

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

Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

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

A. Basis of Presentation (Continued):

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

B. Fund Accounting:

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

GOVERNMENTAL FUND TYPE

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

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

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

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

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

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

B. Fund Accounting (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 the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

PROPRIETARY FUND TYPE

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

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

The District's Enterprise Fund is comprised of the Food Service Fund and the School Age Child Care Program.

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

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

Food Service Fund:
Equipment

7-20 Years

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

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

B. Fund Accounting (Continued):

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

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

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

FIDUCIARY FUND TYPE

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

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

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include the Unemployment Compensation Insurance fund.

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

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

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

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

C. Basis of Accounting and Measurement Focus:

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

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2 (f) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year. The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types. Note that the district does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment. The general fund statement of revenue reflects the last state aid payment of the prior year, which was received in July 2016 as revenue, but omits the last state aid payment of the current 2016-17 year received in July 2017.

E. Encumbrances:

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

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

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

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

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

F. Tuition Receivable:

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

G. Tuition Payable:

Tuition charges for the fiscal years 2016-17, 2015-16 and 2014-15 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Inventories and Prepaid Expenses:

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

On district-wide financial statements and in the Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

I. Short -Term Interfund Receivables/Payables:

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

J. Assets, Liabilities and Equity:

Transactions

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

Inventories

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Of the \$16,692 in inventory reflected as of June 30, 2017, Federal Commodity Food represents \$9,394. Per agreement with the management service company, supply and purchased food inventory is owned by the management company. Supply and purchased food consumed by the District is billed to the District in the period consumed. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

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

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

J. Assets, Liabilities and Equity: (Continued)

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

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

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

K. Compensated Absences:

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

L. Unearned Revenue:

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

M. Bond and Lease Acquisition Costs:

As part of any long-term bond or lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65.

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

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

N. Operating Revenues and Expenses:

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

O. Allocation of Indirect Expenses:

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

P. Extraordinary and Special Items:

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

Q. Accrued Liabilities and Long-term Obligations:

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

R. Fund Equity:

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

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

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

S. Comparative Data/Reclassifications:

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

T. Management Estimates:

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

U. Net Position:

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

V. Fund Balance Reserves:

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

W. Revenues – Exchange and Non-exchange Transactions:

Revenue is resulting from exchange transactions, in which each party gives and receives essentially equal value, and is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

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

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

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

W. Revenues – Exchange and Non-exchange Transactions (Continued):

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

Investments are stated at cost, or amortized cost, which approximates market. The Board classifies U.S. Treasury with Agency obligations and certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments stated at cost. All other investments are stated at fair value.

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

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

School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2017, the District had \$272,276 on deposit with the New Jersey Cash Management.

Deposits:

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

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

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

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

All public depositories must pledge collateral, having market value at least equal to 5% of the average daily balance of collected public funds on deposit, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to Governmental Units.

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

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

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

	Cash and Cash Equivalents
Checking Accounts	\$ 1,755,017
N.J. Cash Management Fund	272,276
	\$ 2,027,293

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA).

GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. The District does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2017, the District's bank balance of \$3,484,032 was insured or collateralized as follows:

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

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

Custodial Credit Risk (Continued):

Insured	\$	500,000
Uninsured and collateralized under GUDPA by pledging financial institutions		<u>2,984,032</u>
	\$	<u><u>3,484,032</u></u>

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

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

New Jersey Cash Management Fund – During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2017, the District had \$272,276 on deposit with the New Jersey Cash Management Fund.

NOTE 4. CAPITAL RESERVE ACCOUNT

Capital reserve accounts may be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or un-expended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support cost of uncompleted capital projects in its approved LRFP.

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

NOTE 4. CAPITAL RESERVE ACCOUNT (CONT'D)

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	\$ 2,741
Interest Earnings	10
Ending Balance June 30, 2017	<u>\$ 2,751</u>

The June 30, 2017 balance in the Capital Reserve Account is within the maximum balance per the districts' LFRP. There was no withdrawal from the account during the school year ended June 30, 2017.

NOTE 5. TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

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

NOTE 6. CAPITAL ASSETS

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

	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Transfer</u>	<u>Balance 6/30/2017</u>
Governmental activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 196,431	\$	\$	\$ 196,431
Construction in progress				
Total capital assets not being depreciated	<u>196,431</u>			<u>196,431</u>
Land improvements	2,189,895			2,189,895
Building and building improvements	26,949,937	3,000		26,952,937
Buses	2,716,870	1,019,948	(389,925)	3,346,893
Furniture and equipment	7,348,906	90,904	(142,444)	7,297,366
Totals at historical cost	<u>39,205,608</u>	<u>1,113,852</u>	<u>(532,369)</u>	<u>39,787,091</u>
Less accumulated depreciation for :				
Land improvements	(1,934,591)	(40,095)		(1,974,686)
Building and improvements	(14,552,965)	(909,355)		(15,462,320)
Buses	(2,109,966)	(130,989)	389,925	(1,851,030)
Furniture and Equipment	(6,730,911)	(254,233)	142,444	(6,842,700)
Total accumulated depreciation	<u>(25,328,433)</u>	<u>(1,334,672)</u>	<u>532,369</u>	<u>(26,130,736)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>13,877,175</u>	<u>(220,820)</u>		<u>13,656,355</u>
Government activities capital assets, net	<u>\$ 14,073,606</u>	<u>\$ (220,820)</u>	<u>\$ -</u>	<u>\$ 13,852,786</u>
	To A-1			To A-1
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 289,182	\$ 20,591	\$	\$ 309,773
Less accumulated depreciation for :				
Equipment	(211,048)	(5,521)		(216,569)
Business-type activities capital assets, net	<u>\$ 78,134</u>	<u>\$ 15,070</u>	<u>\$</u>	<u>\$ 93,204</u>

* Depreciation expense was charged to governmental functions as follows:

Instructional	\$ 1,074
Administration	33,637
Unallocated Depreciation	1,299,961
Total depreciation expense	<u>\$ 1,334,672</u>

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

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Bonds payable:						
General obligation debt	\$ 5,831,000		\$ (560,000)	\$ 5,271,000	\$ 580,000	\$ 4,691,000
Total bonds payable	5,831,000		(560,000)	5,271,000	580,000	4,691,000
Other Liabilities:						
Obligations under capital lease	2,187,517	1,191,515	(706,589)	2,672,443	822,144	1,850,299
Compensated absences payable	728,851		(41,998)	686,853	45,709	641,144
Total liabilities	\$ 8,747,368	\$ 1,191,515	\$ (1,308,587)	\$ 8,630,296	\$ 1,447,853	\$ 7,182,443
Business-Type Activities:						
Compensated absences payable	\$ 1,650		\$ (1,650)	\$	\$	\$

A. Bonds Payable - Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are general obligation bonds, retired in serial installments within the statutory period of usefulness. On May 21, 2009 the Board of Education Advance-Refunded the 1999 Bond Issue in the amount of \$4,850,000 in refunding bonds at various interest rates per redemption batch, from 3% to 4.25 %. The balance of these bonds is \$2,400,000 as of June 30, 2017.

The District was awarded state grant funding for various capital projects for renovations and improvements to the Olivet elementary school, Middle school and A. P. Schalick High School, of which a bond referendum was held on September 29, 2009 to seek voter approval for the District's matching share of \$1,856,000. Voter approval was achieved and accordingly, bonds were issued with interest rates ranging from 3.5% to 4%. The balance of these bonds is \$1,466,000, as of June 30, 2017.

On March 20, 2013, the District issued bonds to refund a prior bond issue for various school improvements in the amount of \$1,805,000, of which the balance at June 30, 2017 is \$1,405,000.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 580,000	\$ 196,628	\$ 776,628
2019	595,000	172,928	767,928
2020	605,000	148,753	753,753
2021	640,000	125,496	765,496
2022	655,000	101,009	756,009
2023	675,000	75,753	750,753
2024	730,000	49,809	779,809
2025	410,000	29,240	439,240
2026	185,000	15,240	200,240
2027	196,000	7,836	203,836
	<u>\$ 5,271,000</u>	<u>\$ 922,692</u>	<u>\$ 6,193,692</u>

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

NOTE 7. LONG-TERM DEBT (CONT'D)

C. Capital Leases - The District is leasing Buses, Computers, Kitchen Renovations, Smartboards, a Truck, an Energy Retrofit, a New Roof and various other items under capital leases. The district issued \$1,191,515 in new capital leases during the 2016-17 school-year for various computer equipment buses, textbooks and vehicles. In accordance with GASB Statement No. 65, the associated debt issue costs were expensed on the Statement of Activities. On August 4, 2017, the School District elected to refinance one of its capital leases for five school buses, which reduced the interest rate from 2.05% to 2.01% at a premium of \$11,464. The premium will be reflected in the deferred outflow of resources section of the Statement of Net Position and amortized over seven years. The following is a schedule of the future minimum lease payments for capital leases at June 30, 2017:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 822,144	\$ 47,544	\$ 869,688
2019	721,183	37,627	758,810
2020	342,363	21,103	363,466
2021	289,560	15,052	304,612
2022	255,737	9,743	265,480
2023	138,770	5,150	143,920
2024	56,507	2,294	58,801
2025	57,643	1,159	58,802
	<u>\$ 2,683,907</u>	<u>\$ 139,672</u>	<u>\$ 2,823,579</u>

Subsequent to June 30, 2017, the District approved one additional Capital Lease, totaling \$312,509, for an HVAC cooling tower and technology equipment. The following is a schedule of the future minimum lease payments under all capital leases at June 30, 2017.

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 822,144	\$ 47,544	\$ 869,688
2019	822,975	44,872	867,847
2020	446,514	25,988	472,502
2021	396,126	17,522	413,648
2022	255,737	9,743	265,480
2023	138,770	5,150	143,920
2024	56,507	2,294	58,801
2025	57,643	1,159	58,802
	<u>\$ 2,996,416</u>	<u>\$ 154,272</u>	<u>\$ 3,150,688</u>

D. Bonds Authorized but Not Issued - As of June 30, 2017 the District had no authorized but not issued bonds.

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

NOTE 8. MAINTENANCE RESERVE

A Maintenance Reserve may be established by New Jersey school districts for the accumulation of funds for use to fund certain expenditures in the operating budget. There was no balance in the maintenance reserve at June 30, 2017.

NOTE 9. PENSION PLANS

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

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

Public Employees' Retirement System

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS who retired from a municipality with 25 years of service.

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

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

Contributions - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.06% through June 30, 2016 and 7.20% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 12.46% of covered payroll. The District's contributions to PERS for the years ended June 30, 2017, and 2016, were \$335,357 and \$345,485 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the year ended June 30, 2017 was \$15,735,658. Payroll covered by PERS was \$2,297,573 for fiscal year 2017. Information regarding contributions made by the State of New Jersey on behalf of the District is not available. Contributions to the system for the year ended June 30, 2017 is as follows:

	<u>PERS</u>
Employees	\$ 165,425
District	<u>335,357</u>
Total	<u>\$ 500,782</u>

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

Public Employees Retirement System					
Fiscal	Normal	Accrued	Total	Funded by	Paid by
Year	Contributio	Liability	Liability	State	District
<u>2017</u>	<u>\$ 52,277</u>	<u>\$ 266,045</u>	<u>\$ 335,357</u>	<u>\$ N/A</u>	<u>\$ 335,357</u>

Components of Net Pension Liability - At June 30, 2017, the District's proportionate share of the PERS net pension liability was \$11,141,908. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2016. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The District's proportion measured as of June 30, 2016 was 0.037620% which was a decrease of 0.00257% from its proportion measured as of June 30, 2015.

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

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2017 PERS pension expense, with respect to GASB 68, was \$853,167. The District's 2017 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 207,206	\$
Changes of assumptions	2,308,008	
Net difference between projected and actual earnings on pension plan investments	424,851	
Changes in proportion		854,436
Contributions subsequent to the measurement date	<u>335,357</u>	
Total	<u>\$ 3,275,422</u>	<u>\$ 854,436</u>

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

<u>Year</u>		<u>PERS</u>
2018	\$	388,355
2019		388,355
2020		540,729
2021		517,527
2022		250,663
Thereafter		
Total	\$	<u>2,085,629</u>

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

<u>Year</u>		<u>6/30/2017</u>		<u>6/30/2016</u>
Collective deferred outflows of resources	\$	3,275,422	\$	1,529,448
Collective deferred inflows of resources	\$	854,436	\$	700,491
Collective Net Pension Liability	\$	11,141,908	\$	9,020,774
District's Proportion		0.037620%		0.040185%

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

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

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

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

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

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

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

	PERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
US Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

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

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

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

	1% Decrease (2.98%)	Current Discount (3.98%)	1% Increase (4.98%)
District's proportionate share of the net pension liability	\$ <u>13,653,108</u>	\$ <u>11,141,908</u>	\$ <u>9,068,695</u>

Teachers' Pension and Annuity Fund

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

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

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

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

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

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

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

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

Year		Annual Pension Cost (APC)	Percentage of APC Contributed			Net Pension Obligation
<u>Funding</u>		<u>Cost (APC)</u>	<u>Contributed</u>			<u>Obligation</u>
6/30/17	\$	1,251,379	100	%	\$	N/A
6/30/16		1,976,381	100			N/A
6/30/15		1,578,069	100			N/A

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$1,251,379 to the TPAF for pension contributions, \$1,042,684 for post-retirement benefits on behalf of the School, and \$2,314 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$823,947 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

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

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

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

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Pension Expense - For the year ended June 30, 2017, the District recognized pension expense of \$6,660,154 and revenue of \$6,660,154 for support provided by the State.

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

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

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

	TPAF	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Bonds	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds – MultiStrategy	5.00%	3.70%
Hedge Funds – Equity Hedge	3.75%	4.72%
Hedge Funds – Distressed	3.75%	3.49%
Total	100.00%	

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

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

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

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate – As indicated above, TPAF has a special funding situation where the State pays 100% of the District's annual required contribution.

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

NOTE 10. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators during the year ended June 30, 2017 were Copeland, Lincoln, and ING.

NOTE 11. POST-RETIREMENT BENEFITS

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

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

NOTE 11. POST-RETIREMENT BENEFITS (CONT'D)

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

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

NOTE 12. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, the estimated liability for compensated absences in the Governmental Activities was \$686,853, of which \$45,709 is due within one year.

NOTE 13. TAX ANTICIPATION LOAN

As a result of the delay in the last two state aid revenue receipts, two loans were taken out in the amount of \$1,313,956 and paid off in July, 2017, with an interest rate of 3.5% reimbursed from the state.

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

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 53,617	\$ 21
Special Revenue Fund		53,617
Internal Service Fund	47,903	47,903
Payroll Agency	21	
Total	<u>\$ 101,541</u>	<u>\$ 101,541</u>

NOTE 15. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district has chosen to purchase insurance to transfer risk to outside parties.

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 67,085	\$ 35,933	\$ 103,018	\$ 0
2015-2016	64,336	36,987	101,323	0
2014-2015	59,585	41,154	100,739	0

NOTE 16. LITIGATION

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

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

NOTE 17. RECEIVABLES

Receivables at June 30, 2017 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

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

Receivables:	General Fund	Special Revenue Fund	Enterprise Funds	Internal Service Fund	Total
Governmental	\$ 259,428	\$ 121,400	\$ 15,379	\$ 115,651	\$ 511,858
Other	7,255		11,191		18,446
Totals	\$ 266,683	\$ 121,400	\$ 26,570	\$ 115,651	\$ 530,304

NOTE 18. FUND BALANCE APPROPRIATED

General Fund - Of the (\$574,573) General Fund balance at June 30, 2017, \$36,765 is assigned for encumbrances; \$0 is restricted as excess surplus in accordance with *N.J.S.A. 118A:7F-7*; \$2,751 has been restricted in the Capital Reserve Account; \$0 has been assigned, appropriated and included as anticipated revenue for the year ending June 30, 2018 and the net result is a deficit of (\$614,089) in unassigned and unrestricted fund balance.

NOTE 19. CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the N J School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There is no excess surplus to be appropriated in the 2016-17 or 2017-18 budgets.

NOTE 20. DEFICIT FUND BALANCES

The District has a deficit fund balance in the General Fund of (\$574,573) and a deficit of (\$6,930) in the Special Revenue Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable.

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

NOTE 20. DEFICIT FUND BALANCES (CONT'D)

Due to the timing difference of recording the last state aid payment, the Special Revenue Fund does not alone indicate that the district is facing financial difficulties. Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP General Fund statements of (\$574,573) is less than the last two state payments. The District deficit in the GAAP Special Revenue fund statement of \$6,930 is equal to the last two state aid payments.

NOTE 21. OPERATING LEASES

The District leases copiers under an operating lease. The terms of the lease call for annual payments. The District has the following lease payments for their copiers:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 147,812
2019	147,812
Total	<u>\$ 295,624</u>

NOTE 22. MERGER WITH THE ELMER SCHOOL DISTRICT

Pursuant to NJSA 18A:7-8 and 18A:8-43, the New Jersey Legislature has approved a plan to eliminate the Non operating Elmer Board of Education, as well as to provide for the education of children from Elmer Borough in the Pittsgrove Township School District. This plan calls for the merger of the aforementioned school districts, which currently have a sending-receiving relationship. The plan submitted by the Executive County Superintendent is effective as of July 31, 2017 and recommends that the 2017-2018 tax levy be allocated based on the approved budgets for 2017-2018. Thereafter, the levy will be apportioned based on the proportion of enrolled students from each municipality, in order to result in the least fiscally disruptive tax levy allocation.

From August 1, 2017 to December 31, 2018, the new combined school district will consist of nine elected board members, with staggered three year terms from Pittsgrove and one Executive County Superintendent approved member from Elmer. Beginning with the 2018 election, all nine seats will be with staggered terms and elected at large (available) for Elmer and Pittsgrove residents. The plan also calls for the existing debt of Pittsgrove, as of June 30, 2017, to be the responsibility of Pittsgrove Board of Education, with any new debt becoming the responsibility of the combined district, as per the recommended allocation method.

As part of the merger plan, \$620,000 will be paid to the NJ Department of Education through ten (10) \$62,000 annual payments from the Pittsgrove Board of Education. This expenditure is based on the appraised value of the Elmer School that was purchased by the Pittsgrove School District. Beginning with the 2018-2019 budget, the recommended tax levy apportionment methodology will be based on the 12.664% Elmer enrollment and the 88.759% enrollment of Pittsgrove. A final audit will be conducted as of July 31, 2017 in accordance with NJSA 18A:18-49.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 10,033,892	\$	\$ 10,033,892	\$ 10,033,892	\$
Tuition - Other LEA's	3,160,383		3,160,383	3,071,329	(89,054)
Tuition - ELLI				46,585	46,585
Interest Earned on Deposits	177,439	(177,439)		8,338	8,338
Interest Earned on Capital Reserve Funds	10	(10)			
Miscellaneous				32,367	32,367
Total Local Sources	13,371,724	(177,449)	13,194,275	13,192,511	(1,764)
State Sources:					
Equalization Aid	10,418,547		10,418,547	10,418,547	
Categorical Transportation Aid	727,339		727,339	727,339	
Special Education Categorical Aid	849,160		849,160	849,160	
Categorical Security Aid	230,429		230,429	230,429	
Adjustment Aid	12,502		12,502	12,502	
Additional Adjustment	3,317		3,317	3,317	
School Choice Aid	1,263,968		1,263,968	1,263,968	
PARCC Readiness Aid	14,560		14,560	14,560	
Per Pupil Growth Aid	14,560		14,560	14,560	
Professional Learning Community Aid	14,345		14,345	14,345	
Other State Aids:					
Extraordinary Aid				201,916	201,916
Non-Public Transportation Aid				9,222	9,222
TPAF Pension (On-Behalf - Non-Budgeted)				1,251,379	1,251,379
TPAF Post Retirement-Medical (On-Behalf - Non-Budgeted)				1,042,684	1,042,684
TPAF Long-term Disability Contrib. (On-behalf)				2,314	2,314
TPAF Social Security (Reimbursed - Non-Budgeted)				823,947	823,947
Total State Sources	13,548,727		13,548,727	16,880,189	3,331,462
Federal Sources:					
Medicaid Program - SEMI	23,743		23,743	26,476	2,733
Total Federal Sources	23,743		23,743	26,476	2,733
Total Revenues	\$ 26,944,194	\$ (177,449)	\$ 26,766,745	\$ 30,099,176	\$ 3,332,431
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	\$ 357,678	\$ (20,759)	\$ 336,919	\$ 334,398	\$ 2,521
Grades 1-5 - Salaries of Teachers	1,961,417	115,285	2,076,702	2,076,464	238
Grades 6-8 - Salaries of Teachers	1,474,266	52,216	1,526,482	1,526,222	260
Grades 9-12 - Salaries of Teachers	2,319,066	69,682	2,388,748	2,388,187	561
Regular Programs - Home Instruction:					
Salaries of Teachers	12,108	10,162	22,270	21,234	1,036
Purchased Professional-Educational Services	46,681	8,130	54,811	54,037	774
Other Purchased Services (400-500 series)	1,500	(1,325)	175	139	36
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	140,325	95,806	236,131	231,563	4,568
Purchased Technical Services	56,240	33,107	89,347	89,001	346
Other Purchased Services (400-500 series)	328,032	(59,101)	268,931	256,453	12,478
General Supplies	336,863	(25,748)	311,115	281,022	30,093
Textbooks	32,600	(6,943)	25,657	21,791	3,866
Other Objects	5,630	(200)	5,430	706	4,724
TOTAL REGULAR PROGRAMS - INSTRUCTION	7,072,406	270,312	7,342,718	7,281,217	61,501
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
General Supplies					
Total Learning and/or Language Disabilities					

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Behavioral Disabilities:					
Salaries of Teachers	\$ 162,626	\$	\$ 162,626	\$ 162,071	\$ 555
Purchased Professional-Educational Services	25,061	41,567	66,628	66,002	626
Other Purchased Services (400-500 series)		1,782	1,782	1,234	548
General Supplies	2,568		2,568	1,257	1,311
Other Objects	2,751	(917)	1,834		1,834
Total Behavioral Disabilities	193,006	42,432	235,438	230,564	4,874
Multiple Disabilities:					
Salaries of Teachers	315,070	(47,256)	267,814	267,803	11
Other Salaries for Instruction	3,780	(3,200)	580		580
Purchased Professional Educational Services	85,004	18,797	103,801	99,181	4,620
General Supplies	9,145	(7,980)	1,165	807	358
Textbooks		4,920	4,920	4,164	756
Other Objects	1,000	(904)	96		96
Total Multiple Disabilities	413,999	(35,623)	378,376	371,955	6,421
Resource Room/Resource Center:					
Salaries of Teachers	1,242,979	(32,931)	1,210,048	1,206,941	3,107
Purchased Professional-Educational Services	163,685	148,838	312,523	303,236	9,287
General Supplies	6,750	50	6,800	6,482	318
Other Objects	3,610	(772)	2,838		2,838
Total Resource Room/Resource Center	1,417,024	115,185	1,532,209	1,516,659	15,550
Autism					
Salaries of Teachers	54,897	(54,848)	49		49
Total Autism	54,897	(54,848)	49		49
Preschool Disabilities - Part-Time:					
Salaries of Teachers	60,838	(2,200)	58,638	56,658	1,980
Other Salaries for Instruction	2,520		2,520		2,520
Purchased Professional-Educational Services	14,221	29,863	44,084	42,795	1,289
General Supplies	2,100	1,675	3,775	3,094	681
Other Objects	675	(675)			
Total Preschool Disabilities - Part-Time	80,354	28,663	109,017	102,547	6,470
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,159,280	95,809	2,255,089	2,221,725	33,364
Basic Skills/Remedial - Instruction					
Salaries of Teachers	503,194	(105,280)	397,914	397,908	6
Other Salaries for Instruction	25,742		25,742	25,742	
Purchased Professional-Educational Services					
Total Basic Skills/Remedial - Instruction	528,936	(105,280)	423,656	423,650	6
School-Spon. Co curricular Actvts. - Inst.					
Salaries	70,450	2,423	72,873	57,583	15,290
Purchased Services (300-500 series)	5,300	3,400	8,700	5,966	2,734
Supplies and Materials	2,350	500	2,850	2,076	774
Other Objects	80	305	385	85	300
Total School-Spon. Co-curricular Actvts. - Inst.	78,180	6,628	84,808	65,710	19,098
School-Spon. Co-curricular Athletics - Inst.					
Salaries	271,561	(19,865)	251,696	250,901	795
Purchased Services (300-500 series)	89,636	530	90,166	88,577	1,589
Supplies and Materials	36,110	5,624	41,734	36,161	5,573
Total School-Spon. Co-curricular Athletics - Inst.	397,307	(13,711)	383,596	375,639	7,957
TOTAL INSTRUCTION	10,236,109	253,758	10,489,867	10,367,941	121,926
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	141,382	(113,857)	27,525	27,504	21
Tuition to Other LEAs Within the State - Special	22,500	9,840	32,340	32,229	111
Tuition - County Voc School Districts - Regular	172,432	158,511	330,943	330,661	282
Tuition to CSSD & Regional Day Schools	484,900	186,855	671,755	671,719	36
Tuition to Private Schools for the Disabled - Within State	269,939	(192,340)	77,599	77,441	158
Tuition- State Facilities	32,306		32,306	32,306	
Total Undistributed Expenditures - Instruction:	1,123,459	49,009	1,172,468	1,171,860	608

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed Expend. - Attend. & Social Work					
Salaries	\$ 31,706	\$ (31,706)	\$	\$	
Other Purchased Services	250	729	979	955	24
Total Undistributed Expend. - Attend. & Social Work	31,956	(30,977)	979	955	24
Undist. Expend. - Health Services					
Salaries	335,837	737	336,574	335,680	894
Purchased Professional and Technical Services	12,400	15	12,415	9,777	2,638
Other Purchased Services (400-500 series)	1,025	120	1,145	392	753
Supplies and Materials	8,540	1,154	9,694	4,617	5,077
Total Undistributed Expenditures - Health Services	357,802	2,026	359,828	350,466	9,362
Undist. Expend. - Other Supp. Serv. Students - Rel. Serv.					
Salaries	242,162	(71,559)	170,603	169,931	672
Purchased Professional - Educational Services	90,490	107,616	198,106	197,980	126
Supplies and Materials	4,234	(1,400)	2,834	2,655	179
Other Objects	1,150		1,150		1,150
Total Undist. Exp. - Other Supp. Serv. Students - Rel. Serv.	338,036	34,657	372,693	370,566	2,127
Undist. Expend. - Other Supp. Serv. Stud - Extraord. Serv.					
Purchased Professional - Educational Services	485,013	9,720	494,733	491,904	2,829
Total Undist. Exp. - Other Sup. Serv. Stud - Extraord. Serv.	485,013	9,720	494,733	491,904	2,829
Undistributed Expend. - Guidance					
Salaries of Other Professional Staff	490,880	(786)	490,094	489,937	157
Salaries of Secretarial and Clerical Assistants	120,734	786	121,520	120,301	1,219
Purchased Professional- Educational Services	2,500	(2,500)			
Other Purchased Prof. and Tech. Services	18,390	1,035	19,425	19,025	400
Other purchased Services (400-500 series)	11,150	79	11,229	9,390	1,839
Supplies and Materials	8,870	(2,000)	6,870	5,886	984
Other Objects	300		300	280	20
Total Undist. Expend.- Guidance	652,824	(3,386)	649,438	644,819	4,619
Undistributed Expend. - Child Study Teams					
Salaries of Other Professional Staff	461,084	21,834	482,918	482,865	53
Salaries of Secretarial and Clerical Assistants	67,289	2,200	69,489	69,193	296
Purchased Professional- Educational Services	5,250	(3,000)	2,250	1,743	507
Other Purchased Prof. and Tech. Services	32,798	15,500	48,298	48,047	251
Misc Pur Serv (400-500 series)	40,000	(27,448)	12,552	12,215	337
Supplies and Materials	14,375	2,658	17,033	17,027	6
Other Objects	2,995	(784)	2,211	2,090	121
Total Undist. Expend.- Child Study Teams	623,791	10,960	634,751	633,180	1,571
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	113,359	1	113,360	113,360	
Salaries of Other Professional Staff	251,201	28,086	279,287	279,287	
Salaries of Secretarial and Clerical Assist.	72,920	5,272	78,192	77,292	900
Other Salaries	45,500	(12,897)	32,603	32,504	99
Other Purch Services (400-500)	37,400	(5,530)	31,870	27,967	3,903
Supplies and Materials	10,759	2,295	13,054	8,676	4,378
Other Objects	7,000		7,000	6,413	587
Total Undist. Expend. - Improvement of Inst. Serv.	538,139	17,227	555,366	545,499	9,867
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	213,964	(67,063)	146,901	143,861	3,040
Purchased Professional and Technical Services	16,700	41,450	58,150	54,175	3,975
Other Purchased Services (400-500 series)	12,350	(316)	12,034	11,575	459
Supplies and Materials	82,622	(49,872)	32,750	26,655	6,095
Total Undist. Expend. - Edu. Media Serv./Sch. Library	325,636	(75,801)	249,835	236,266	13,569
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	5,000	1,500	6,500	6,321	179
Other Purchased Services (400-500 series)	2,300	200	2,500	418	2,082
Supplies and Materials	12,000	80	12,080	11,994	86
Other Objects	2,000	(2,000)			
Total Undist. Expend. - Instructional Staff Training Serv.	21,300	(220)	21,080	18,733	2,347

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	\$ 299,399	\$ (870)	\$ 298,529	\$ 290,175	\$ 8,354
Legal Services	50,000	37,060	87,060	85,634	1,426
Audit Fees	27,200		27,200	27,077	123
Architectural/Engineering Services	5,000	(2,749)	2,251		2,251
Other Purchased Professional Services	15,000	(11,500)	3,500		3,500
Purchases Technical Services		1,000	1,000	450	550
Communications/Telephone	52,500	18,002	70,502	70,501	1
BOE Other Purchased Services	14,068	(6,000)	8,068	5,851	2,217
Other Purchased Services (400-500 series)	120,042	3,661	123,703	121,555	2,148
General Supplies	10,910	3,885	14,795	14,791	4
BOE In-House Training/Meeting Supplies	4,000	(2,500)	1,500	540	960
Miscellaneous Expenditures	3,390	3,000	6,390	5,393	997
BOE Membership Dues and Fees	12,100		12,100	11,281	819
Total Undist. Expend. - Supp. Serv. - General Admin.	613,609	42,989	656,598	633,248	23,350
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	728,546	(51,928)	676,618	668,980	7,638
Salaries of Secretarial and Clerical Assistants	309,131	9,933	319,064	316,568	2,496
Other Purchased Services (400-500 series)	16,100	(2,000)	14,100	11,043	3,057
Supplies and Materials	25,770	7,149	32,919	29,540	3,379
Other Objects	12,240	(4,050)	8,190	6,983	1,207
Total Undist. Expend. - Support Serv. - School Admin.	1,091,787	(40,896)	1,050,891	1,033,114	17,777
Undist. Expend. - Central Services					
Salaries	314,428	(53,400)	261,028	253,199	7,829
Purchased Professional Services	2,230	7,550	9,780	8,640	1,140
Purchased Technical Services	1,000	1,950	2,950	2,050	900
Miscellaneous Purchased Services (400-500 series)	21,300	(229)	21,071	20,661	410
Supplies and Materials	15,500	(3,266)	12,234	10,357	1,877
Interest on Current Loans	25,000	(3,000)	22,000	16,618	5,382
Interest on Lease Purchase Agreements	31,063		31,063	28,032	3,031
Miscellaneous Expenditures	2,550	41	2,591	2,591	
Total Undist. Expend. - Central Services	413,071	(50,354)	362,717	342,148	20,569
Undist. Expend. - Admin. Info. Technology					
Salaries	204,404	15,790	220,194	219,633	561
Purchased Technical Services	43,114	4,140	47,254	47,254	
Other Purchased Services (400-500 series)	23,550	500	24,050	24,021	29
Supplies and Materials	24,300	(4,411)	19,889	10,453	9,436
Total Undist. Expend. - Admin. Info. Technology	295,368	16,019	311,387	301,361	10,026
Undist. Expend. - Req. Maint. for School Facilities					
Salaries		324,638	324,638	324,070	568
Cleaning, Repair, and Maintenance Services	82,660	151,794	234,454	231,388	3,066
Lead Testing of Drinking Water		9,825	9,825	7,962	1,863
General Supplies	60,250	8,756	69,006	68,969	37
Total Undist. Expend. - Req. Maint. for School Facilities	142,910	495,013	637,923	632,389	5,534
Undist. Expend. - Custodial Services					
Salaries	364,798	(322,211)	42,587	42,562	25
Purchased Professional and Technical Services	136,425	(24,073)	112,352	110,158	2,194
Cleaning, Repair and Maintenance Services	757,647	(39,579)	718,068	714,153	3,915
Rental of Land, Building & Other than Lease Purchases	102,500		102,500	102,500	
Other Purchased Property Services	94,066	(11,900)	82,166	81,529	637
Insurance	92,881	5,044	97,925	97,808	117
Miscellaneous Purchased Services	6,600	(4,675)	1,925	1,915	10
General Supplies	84,050	(52,520)	31,530	28,605	2,925
Energy (Natural Gas)	154,354	(46,900)	107,454	106,839	615
Energy (Electricity)	361,273	146,750	508,023	485,050	22,973
Other Objects		2,807	2,807	2,616	191
Total Undist. Expend. - Custodial Services	2,154,594	(347,257)	1,807,337	1,773,735	33,602

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	\$ 132,638	\$ (45,825)	\$ 86,813	\$ 78,482	\$ 8,331
General Supplies	43,950	(39,725)	4,225	4,070	155
Total Undist. Expend. - Care and Upkeep of Grounds	176,588	(85,550)	91,038	82,552	8,486
Undist. Expend. - Security					
Salaries	63,101	52,234	115,335	115,327	8
Purchased Professional and Technical Services	400	2,265	2,665	2,353	312
Cleaning, Repair and Maintenance Services	2,300	2,300	4,600	4,548	52
General Supplies	8,250	(4,000)	4,250	3,937	313
Other Objects	500	(150)	350		350
Total Undist. Expend. - Security	74,551	52,649	127,200	126,165	1,035
Total Undist. Expend. - Oper. & Maint. Of Plant	2,548,643	114,855	2,663,498	2,614,841	48,657
Undist. Expend. - Student Transportation Serv.					
Sal. For Pup.Trans. (Bet. Home and School) - Regular	574,465	7,209	581,674	579,671	2,003
Sal. For Pup.Trans. (Bet. Home and School) - Special	195,350	136,744	332,094	330,290	1,804
Sal. For Pup. Trans. (Other than Bet. Home and School)	82,600	(13,767)	68,833	67,125	1,708
Management Fee - ESC & CTSA Transportation Programs	210		210	126	84
Other Purchased Professional and Technical Services	6,100	2,546	8,646	8,618	28
Cleaning, Repair and Maintenance Services	7,675	(2,675)	5,000	4,333	667
Lease Purchase Payments - School Buses	335,595		335,595	335,595	
Contr Serv. - Aid in Lieu Payments - Nonpublic	70,720	(17,550)	53,170	51,837	1,333
Contr Serv. - Aid in Lieu Payments - Charter	4,420	(2,420)	2,000	1,768	232
Contr Serv (not Home/School) - Vendors	5,000	(4,650)	350		350
Contr Serv (Spl. Ed. Students) - Joint Agreements		200	200	189	11
Contr Serv (Spl. Ed. Students) - ESCs	27,000	34,800	61,800	61,409	391
Misc. Purchased Serv. - Transportation	86,795	(18,421)	68,374	68,366	8
General Supplies	4,005	25,500	29,505	28,391	1,114
Transportation Supplies	433,750	(170,100)	263,650	262,536	1,114
Miscellaneous Expenditures	5,650	(3,264)	2,386	2,376	10
Total Undist. Expend. - Student Transportation Serv.	1,839,335	(25,848)	1,813,487	1,802,630	10,857
UNALLOCATED BENEFITS - Employee Benefits					
Social Security Contributions	298,381	(8,700)	289,681	289,659	22
Other Retirement Contributions - PERS	356,843	(12,900)	343,943	343,881	62
Unemployment Compensation	53,403	27,782	81,185	81,172	13
Workmen's Compensation	238,409	(17,000)	221,409	211,156	10,253
Health Benefits	4,217,027	302,096	4,519,123	4,519,103	20
Tuition Reimbursement	20,000	(300)	19,700	19,608	92
Other Employee Benefits	225,736	162,210	387,946	385,294	2,652
TOTAL UNALLOCATED BENEFITS	5,409,799	453,188	5,862,987	5,849,873	13,114
On-behalf TPAF Pension Contributions (non-budgeted)				1,251,379	(1,251,379)
On-behalf TPAF Post Retirement Contrib (non-budgeted)				1,042,684	(1,042,684)
On-behalf TPAF Long-term Disability Contrib.				2,314	(2,314)
Reimbursed TPAF Social Security Cont. (non-budgeted)				823,947	(823,947)
TOTAL ON-BEHALF CONTRIBUTIONS				3,120,324	(3,120,324)
TOTAL PERSONAL SERV. - EMPLOYEE BENEFITS	5,409,799	453,188	5,862,987	8,970,197	(3,107,210)
TOTAL UNDISTRIBUTED EXPENDITURES	16,709,568	523,168	17,232,736	20,161,787	(2,929,051)
TOTAL GENERAL CURRENT EXPENSE	26,945,677	776,926	27,722,603	30,529,728	(2,807,125)
CAPITAL OUTLAY					
Increase in Capital Reserve					
Interest Deposit to Capital Reserve	10	(10)			
Equipment					
Undistributed Expenditures:					
Grades 1-5		52,940	52,940	52,940	
Grades 9-12		4,263	4,263	4,263	
Instruction		2,499	2,499	2,499	
Special Education Instruction					
Required Maintenance for School Facilities		22,500	22,500	22,464	36
Care and Upkeep of Grounds		9,000	9,000	8,738	262
Total Equipment		91,202	91,202	90,904	298

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

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Facilities Acquisition and Construction Services					
Lease Purchase Agreement - Principal	\$ 233,572	\$ 3,100	\$ 236,672	\$ 236,601	\$ 71
Assessment for Debt Service on SDA Funding	53,260		53,260	53,260	
Total Facilities Acquisition and Construction Services	286,832	3,100	289,932	289,861	71
Assets Acquired Under Capital Leases (non-budgeted)				1,191,515	(1,191,515)
TOTAL CAPITAL OUTLAY	286,842	94,292	381,134	1,572,280	(1,191,146)
Other Special Schools-Summer School					
Purchased Professional and Technical Services	23,060	(3,060)	20,000		20,000
General Supplies		1,000	1,000		1,000
Total Other Special Schools-Instruction	23,060	(2,060)	21,000		21,000
Other Special Schools-Support Services					
Personal Services-Employee Benefits					
Total Other Special Schools-Support Services					
Total Other Special Schools	23,060	(2,060)	21,000		21,000
TOTAL EXPENDITURES	27,255,579	869,158	28,124,737	32,102,008	(3,977,271)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(311,385)	(1,046,607)	(1,357,992)	(2,002,832)	(644,840)
Other Financing Sources:					
Operating Transfer (Out) and In:					
Transfer of Funds to Charter School	(26,615)		(26,615)	(26,615)	
Transfer to Capital Projects Fund				(55,953)	(55,953)
Interest Transferred from Capital Projects Fund				99	99
Proceeds from Capital Leases				1,191,515	1,191,515
Total Other Financing Sources:	(26,615)		(26,615)	1,109,046	1,135,661
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(338,000)	(1,046,607)	(1,384,607)	(893,786)	490,821
Fund Balance, July 1	1,633,169		1,633,169	1,633,169	
Fund Balance, June 30	\$ 1,295,169	\$ (1,046,607)	\$ 248,562	\$ 739,383	\$ 490,821
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 2,751	
Assigned Fund Balance:					
Encumbrances				36,765	
Unassigned Fund Balance					
				699,867	
				739,383	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(1,313,956)	
Fund Balance per Governmental Funds (GAAP)				\$ (574,573)	

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$ 69,300	\$	\$ 69,300	\$ 69,300	\$
Federal Sources	800,226	24,563	824,789	781,965	42,824
Other Sources		36,793	36,793	35,096	1,697
Total Revenues	<u>869,526</u>	<u>61,356</u>	<u>930,882</u>	<u>886,361</u>	<u>44,521</u>
EXPENDITURES:					
Instruction					
Salaries - Teachers	437,777	(83,420)	354,357	342,031	12,326
Salaries - Principals		920	920	920	
Purchased Prof - Tech Services		90	90		90
Purchased Prof - Ed Services		15,303	15,303	15,303	
Other Purchased Services		300	300	240	60
Tuition-Child Study Team	424,346	(17,452)	406,894	406,894	
Supplies and Materials	7,403	30,377	37,780	13,850	23,930
Other Objects		2,625	2,625	549	2,076
Total Instruction	<u>869,526</u>	<u>(51,257)</u>	<u>818,269</u>	<u>779,787</u>	<u>38,482</u>
Support Services					
Salaries - Teachers		1,000	1,000		1,000
Personal Services - Employee Benefits		62,204	62,204	62,204	
Purchased Prof. - Tech. Services		1,600	1,600	875	725
Other Purchased Services		30,115	30,115	27,811	2,304
Transportation		419	419		419
Supplies and Materials		17,275	17,275	15,684	1,591
Total Support Services		<u>112,613</u>	<u>112,613</u>	<u>106,574</u>	<u>6,039</u>
Facilities Acquisition and Construction Services:					
Non-instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>869,526</u>	<u>61,356</u>	<u>930,882</u>	<u>886,361</u>	<u>44,521</u>
Other Financing Sources (Uses)					
Total Other Financing Sources (Uses)					
Total Outflows	<u>869,526</u>	<u>61,356</u>	<u>930,882</u>	<u>886,361</u>	<u>44,521</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART II

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

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

	<u>Ref</u>	<u>General Fund</u>	<u>Ref</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 30,099,176	[C-2]	\$ 886,361
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				6,520
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		1,325,007		6,930
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(1,313,956)		(6,930)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 30,110,227	[B-2]	\$ 892,881
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 32,102,008	[C-2]	\$ 886,361
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				6,520
Pension Expense recognized for GAAP but not for budgetary purposes.				
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 32,102,008	[B-2]	\$ 892,881

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.037620%	0.040185%	0.043017%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,141,908	\$ 9,020,774	\$ 8,053,869
District's Covered-Employee Payroll	\$ 2,297,573	\$ 2,501,427	\$ 2,539,163
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	484.94%	360.63%	317.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 335,357	\$ 345,485	\$ 354,622
Contributions in Relation to the Contractually Required Contribution	<u>(335,357)</u>	<u>(345,485)</u>	<u>(354,622)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 2,297,573	\$ 2,501,427	\$ 2,539,163
Contributions as a Percentage of Covered-Employee Payroll	14.60%	13.81%	13.97%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.112680%	0.112808%	0.110844%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 88,641,213	\$ 71,299,551	\$ 59,242,417
District's Covered-Employee Payroll	\$ 11,580,796	\$ 11,801,637	\$ 11,402,837
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	765.42%	604.15%	519.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%

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

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
TEACHERS' PENSION PLAN

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

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

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

PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

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

	Energy for the Arts	PSEG 2016	PSEG 2017	NJJJC	Sustain Schools	NJSB Insurance Group	Sub-Total Per E-1(2)	Totals 2017
REVENUES:								
State Sources	\$	\$	\$	\$	\$	\$	69,300	\$ 69,300
Federal Sources							781,965	781,965
Other Sources	304	7,523	7,500	9,299	3,458	7,012		35,096
Total Revenues	\$ 304	\$ 7,523	\$ 7,500	\$ 9,299	\$ 3,458	\$ 7,012	\$ 851,265	\$ 886,361
EXPENDITURES:								
Instruction:								
Salaries - Teachers	\$	\$ 7,086	\$ 6,580	\$ 4,092	\$	\$	324,273	\$ 342,031
Salaries - Principals			920					920
Purchased Prof - Ed Services							15,303	15,303
Other Purchased Services				240				240
Tuition-Child Study Team							406,894	406,894
Supplies and Materials	304	90		4,967	3,458		5,031	13,850
Other Objects							549	549
Total Instruction	304	7,176	7,500	9,299	3,458		752,050	779,787
Support Services:								
Personal Services - Employee Benefits							62,204	62,204
Purchased Prof - Tech. Services							875	875
Other Purchased Services		347					27,464	27,811
Supplies and Materials						7,012	8,672	15,684
Total Support Services		347				7,012	99,215	106,574
Facilities Acquisition and Const. Serv.:								
Non-Instructional Equipment								
Total Facilities Acquisition and Construction Services								
Total Expenditures	\$ 304	\$ 7,523	\$ 7,500	\$ 9,299	\$ 3,458	\$ 7,012	\$ 851,265	\$ 886,361

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

	NCLB Title I - Part A	NCLB Title II-A	IDEA		Preschool Education	Subtotal 2017
	2016-17	2016-17	Part B	Pre K		
REVENUES:						
State Sources	\$	\$	\$	\$	\$ 69,300	\$ 69,300
Federal Sources	336,426	28,579	406,894	10,066		781,965
Total revenues	\$ 336,426	\$ 28,579	\$ 406,894	\$ 10,066	\$ 69,300	\$ 851,265
EXPENDITURES:						
Instruction:						
Salaries - Teachers	\$ 262,376	\$	\$	\$	\$ 61,897	\$ 324,273
Salaries- Principals						
Purchased Prof - Ed Services				10,066	5,237	15,303
Other Purchased Services						
Tuition			406,894			406,894
Supplies and Materials	2,865				2,166	5,031
Other Objects	549					549
Total Instruction	265,790		406,894	10,066	69,300	752,050
Support Services:						
Personal Services - Employee Benefits	62,204					62,204
Purchased Professional - Tech. Services		875				875
Other Purchased Services		27,464				27,464
Supplies and Materials	8,432	240				8,672
Total Support Services	70,636	28,579				99,215
Facilities Acquisition and Const. Serv.:						
Non-Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	\$ 336,426	\$ 28,579	\$ 406,894	\$ 10,066	\$ 69,300	\$ 851,265

PITTSBORO TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 61,897	\$ 61,897	\$
Purchased Prof - Education Services	5,237	5,237	
Supplies and Materials	2,166	2,166	
Total Instruction	<u>69,300</u>	<u>69,300</u>	
Support Services:			
Total Support Services			
Facilities Acquisition and Const. Services:			
Instructional Equipment			
Non-instructional Equipment			
Total Facilities Acquisition and Const. Services			
Contribution to Charter Schools			
Total Expenditures	<u>\$ 69,300</u>	<u>\$ 69,300</u>	<u>\$</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2016-17 Preschool Education Aid Allocation	\$ 69,300	(1)
Add: Actual ECPA Carryover (JUNE 30, 2016)		(2)
Add: Budgeted Transfer from General Fund 2016-17		(3)
Total Preschool Education Aid Funds Available for 2016-17 Budget	<u>69,300</u>	(4)
Less: 2016-17 Budgeted Preschool Education Aid and Prior Year Budgeted (Carryover)	<u>(69,300)</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of JUNE 30, 2017		(6)
Add: JUNE 30, 2017 Unexpended Preschool Education Aid		(7)
Less: 2016-17 Commissioner-approved Transfer to the General Fund		(8)
2016-17 Carryover - Preschool Education Aid		<u>(9)</u>
2016-17 Preschool Education Aid Carryover Budgeted for Preschool Programs 2017-18		<u>(10)</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

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

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

<u>Number</u>	<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Cancelled</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance 6/30/17</u>	<u>Memo Only</u>	
				<u>Prior Year</u>	<u>Current Year</u>		<u>Encumbrances</u>	<u>Available Balance</u>
2010-1	Various Renovations at Olivet School	\$ 3,496,413	\$ (141,202)	\$ 3,352,211	\$ 3,000	\$	\$	\$
2010-3	Renovations at Schalick High School	281,250	(88,054)	193,196				
		<u>\$ 3,777,663</u>	<u>\$ (229,256)</u>	<u>\$ 3,545,407</u>	<u>\$ 3,000</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2017

**Revenues and Other Financing
Sources**

Interest Earned	\$	99
Miscellaneous Refund		
Total Revenues		<u>99</u>

**Expenditures and Other Financing
Uses**

Other Professional and Technical Services		
Construction Services		3,000
Total Expenditures		<u>3,000</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures before Transfers		(2,901)
Transfer from General Fund		55,953
Interest Transferred to General fund		(99)
Cancellation of State Aid		(118,802)
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(65,849)</u>
Fund Balance - Beginning		65,849
Fund Balance - Ending	\$	<u><u> </u></u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

Various Renovations at Olivet Elementary School

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing				
Sources				
State Sources - EDA Grant	\$ 1,883,685	\$ (11,217)	\$ 1,872,468	\$ 1,872,468
Bond Proceeds & Transfers	1,482,743		1,482,743	1,482,743
Total Revenues	3,366,428	(11,217)	3,355,211	3,355,211
Expenditures and Other Financing				
Uses				
Other Professional and Technical Services	406,919		406,919	
Construction Services	2,945,292	3,000	2,948,292	3,355,211
Total Expenditures	3,352,211	3,000	3,355,211	3,355,211
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 14,217	\$ (14,217)	\$	\$

Additional project information:

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

PITTSBORO TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

Renovations at Schalick High School

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds & Transfers	\$ 244,068	\$ (51,632)	\$ 192,436	\$ 192,436
Transfer from Capital Outlay	760		760	760
Total Revenues	<u>244,828</u>	<u>(51,632)</u>	<u>193,196</u>	<u>193,196</u>
Expenditures and Other Financing Uses				
Other Professional and Technical Services	26,931		26,931	26,931
Construction Services	166,265		166,265	217,897
Total Expenditures	<u>193,196</u>		<u>193,196</u>	<u>244,828</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 51,632</u>	<u>\$ (51,632)</u>	<u>\$</u>	<u>\$ (51,632)</u>

Additional project information:

Project Number	4150-040-09-1000
Grant Date	3/20/10
Original Authorization Cost	\$281,250
Additional Authorized Cost	\$0
Revised Authorized Cost	\$281,250
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	79%
Original Target Completion Date	N/A
Revised Target Completion Date	6/30/2013

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

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

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

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2017
(with comparative totals for JUNE 30, 2016)

	Food Service Enterprise Fund	(SACC) School Age Child Care Enterprise Fund	Totals	
			2017	2016
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 132,140	\$ 89,432	\$ 221,572	\$ 287,870
Accounts Receivable:				
State	274		274	1,147
Federal	15,105		15,105	57,566
Other	6,222	4,969	11,191	10,917
Interfund				191,536
Inventories	15,936		15,936	12,531
Total Current Assets	<u>169,677</u>	<u>94,401</u>	<u>264,078</u>	<u>561,567</u>
Fixed Assets:				
Equipment	309,773		309,773	289,182
Accumulated Depreciation	(216,569)		(216,569)	(211,048)
Total Fixed Assets	<u>93,204</u>		<u>93,204</u>	<u>78,134</u>
Total Assets	<u>\$ 262,881</u>	<u>\$ 94,401</u>	<u>\$ 357,282</u>	<u>\$ 639,701</u>
LIABILITIES				
Current Liabilities:				
Interfund Payable	\$	\$	\$	\$ 40,916
Compensated Absences				1,650
Accounts Payable	29,584		29,584	325,034
Unearned Revenue	8,611		8,611	8,241
Total Current Liabilities	<u>38,195</u>		<u>38,195</u>	<u>375,841</u>
NET POSITION				
Investment in Capital Assets net of Related Debt	93,204		93,204	78,134
Unrestricted	131,482	94,401	225,883	185,726
Total Net Position	<u>224,686</u>	<u>94,401</u>	<u>319,087</u>	<u>263,860</u>
Total Liabilities and Net Position	<u>\$ 262,881</u>	<u>\$ 94,401</u>	<u>\$ 357,282</u>	<u>\$ 639,701</u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(with comparative totals for JUNE 30, 2016)

	Food Service Enterprise Fund	School Age Child Care Enterprise Fund	Totals	
			2017	2016
OPERATING REVENUES:				
Local Sources:				
Daily Sales-Reimbursable Programs:				
School Lunch Program	\$ 214,793	\$	\$ 214,793	\$ 225,390
Total Daily Sales-Reimbursable Programs	214,793		214,793	225,390
Daily Sales Non-reimbursable Programs	113,431		113,431	116,460
Special Functions	33,596		33,596	32,177
Service Charges		157,319	157,319	141,166
Miscellaneous	5,948		5,948	
Total Operating Revenue	367,768	157,319	525,087	515,193
OPERATING EXPENSES:				
Salaries		120,230	120,230	94,621
Employee Benefits		7,548	7,548	8,143
Other Costs	33,715	15,663	49,378	23,467
Sodexo Costs:				
Salaries	217,683		217,683	210,613
Employee Benefits	39,629		39,629	40,921
Supplies and Materials	29,177		29,177	32,343
Management Fees	56,369		56,369	59,551
Insurance	17,882		17,882	17,355
Other Costs	9,074		9,074	37,604
Cost of Sales - Reimbursable Programs	245,057		245,057	293,037
Cost of Sales - Non-Reimbursable Programs	53,135		53,135	
Depreciation	5,521		5,521	3,469
Total Operating Expenses	707,242	143,441	850,683	821,124
Operating Loss	(339,474)	13,878	(325,596)	(305,931)
Non-operating Revenues:				
State Sources:				
State School Lunch Program	6,417		6,417	6,786
Federal Sources:				
National School Breakfast Program	75,537		75,537	81,371
National School Lunch Program	241,026		241,026	246,076
Special Milk Program	930		930	1,285
Food Distribution Program	56,140		56,140	62,411
Interest Revenue	482	291	773	571
Total Non-operating Revenues	380,532	291	380,823	398,500
Net Income Before Operating Transfers	41,058	14,169	55,227	92,569
Net Income After Operating Transfers	41,058	14,169	55,227	92,569
Total Net Position-Beginning	183,628	80,232	263,860	171,291
Total Net Position-Ending	\$ 224,686	\$ 94,401	\$ 319,087	\$ 263,860

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(with comparative totals for JUNE 30, 2016)**

	Food Service Enterprise Fund	School Age Child Care Enterprise Fund	Totals	
			2017	2016
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 367,768	\$ 157,319	\$ 525,087	\$ 515,193
Payments to Employees	(217,683)	(120,230)	(337,913)	(305,234)
Payments for Employee Benefits	(39,629)	(9,198)	(48,827)	(49,064)
Payments to Suppliers	(455,163)	(53,574)	(508,737)	(358,439)
Net Cash Used by Operating Activities	(344,707)	(25,683)	(370,390)	(197,544)
Cash Flows from Non-capital Financing Activities:				
Cash Received From General Fund				
Cash Received from State and Federal Reimbursements	323,910		323,910	335,518
Total Cash Provided by Non-Capital Financing Activities	323,910		323,910	335,518
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(20,591)		(20,591)	
Net Increase Before Investing Activities	(41,388)		(67,071)	137,974
Cash Flows from Investing Activities:				
Interest on Investments	482	291	773	571
Net Cash Provided by Investing Activities	482	291	773	571
Net Increase/(Decrease) in Cash and Cash Equivalents	(40,906)	(25,392)	(66,298)	138,545
Cash and Cash Equivalents, July 1	173,046	114,824	287,870	149,325
Cash and Cash Equivalents, June 30	\$ 132,140	\$ 89,432	\$ 221,572	\$ 287,870
Operating Income (Loss)	\$ (339,474)	\$ 13,878	\$ (325,596)	\$ (305,931)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities				
Depreciation	5,521		5,521	3,469
Federal Commodities	56,140		56,140	62,411
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	39,248	3,812	43,060	(33,630)
(Increase)/Decrease in Inventory	(3,405)		(3,405)	(9,033)
(Increase)/Decrease in Interfund Receivable	191,536		191,536	15,253
(Increase)/Decrease in Fixed Assets				(29,653)
Increase/(Decrease) in Interfund Payable		(40,916)	(40,916)	40,916
Increase/(Decrease) in Accounts Payable	(294,643)	(807)	(295,450)	53,089
Increase/(Decrease) in Compensated Absences		(1,650)	(1,650)	988
Increase/(Decrease) in Unearned Revenue	370		370	4,577
Net Cash Provided by Investing Activities	(5,233)	(39,561)	(44,794)	108,387
Net Cash Used by Operating Activities	\$ (344,707)	\$ (25,683)	\$ (370,390)	\$ (197,544)

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2017
(with comparative totals for JUNE 30, 2016)

	Business Services Internal Service Fund	Internet Access Internal Service Fund	Distance Learning Hub Service Fund	Transportation Jointures Internal Service Fund	Paper Services Internal Service Fund	Art Academy School	Transportation Maintenance Services	Custodial Services Community Service Fund	Aides Service Fund	Totals	
										2017	2016
ASSETS											
Cash	\$ 63,923	\$ 136,731		\$ 41,214	\$ 124,313	\$ 143,376		\$ 26,506	\$ 28,965	\$ 565,028	\$ 514,937
Accounts Receivable											
Intergovernmental		19,306		6,689		85,759		3,897		115,651	108,005
Interfund					47,903					47,903	31,110
Other											271,716
Inventory					52,978					52,978	52,978
Fixed Assets (Net)											
Total Assets	\$ 63,923	\$ 156,037		\$ 47,903	\$ 225,194	\$ 229,135		\$ 30,403	\$ 28,965	\$ 781,560	\$ 978,746
LIABILITIES AND RESERVES											
Liabilities:											
Accounts Payable	\$ 878									\$ 878	\$ 96,884
Interfunds Payable				47,903						47,903	33,563
Other Current Liabilities	25	51,591								51,616	51,591
Unearned Revenue	62,995	104,446			225,194	229,135		30,403	28,965	681,138	737,911
	<u>63,898</u>	<u>156,037</u>		<u>47,903</u>	<u>225,194</u>	<u>229,135</u>		<u>30,403</u>	<u>28,965</u>	<u>781,535</u>	<u>919,949</u>
Reserves:											
Reserve for Encumbrances	25									25	58,797
Total Liabilities and Reserves	\$ 63,923	\$ 156,037		\$ 47,903	\$ 225,194	\$ 229,135		\$ 30,403	\$ 28,965	\$ 781,560	\$ 978,746

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(with comparative totals for JUNE 30, 2016)

	Business Services Internal Service Fund	Internet Access Service Fund	Distance Learning Hub Service Fund	Transportation Jointures Internal Service Fund	Paper Services Internal Service Fund	Art Academy Fund	Transportation Maintenance Services	Custodial Services Internal Service Fund	Aides Service Fund	Totals	
										2017	2016
REVENUE:											
Service Charges	\$ 151,094	\$ 7,777	\$	\$ 268,380	\$	\$ 211,500	\$ 23,323	\$ 42,965	\$ 146,705	\$ 851,744	\$ 807,245
Total	151,094	7,777		268,380		211,500	23,323	42,965	146,705	851,744	807,245
EXPENDITURES:											
Salaries	151,634			261,789		195,153	23,323		250	632,149	625,901
Employee Benefits	7,106									7,106	28,466
Equipment		140,569				37,254				177,823	105,415
Purchased Professional/Technical Services		8,337								8,337	45,359
Other Purchased Services						825			59,562	60,387	672
Supplies and Materials		35,015			1,946	12,167				49,128	134,085
Miscellaneous Other Costs	3,046		6,008					12,561	86,893	108,508	221,041
Total Expenditures	161,786	183,921	6,008	261,789	1,946	245,399	23,323	12,561	146,705	1,043,438	1,160,939
Excess of Revenue over											
Expenditures	(10,692)	(176,144)	(6,008)	6,591	(1,946)	(33,899)		30,404		(191,694)	(353,694)
Non-operating Revenues:											
Transfer to Unearned Revenue	7,397	176,144		(6,591)	1,946	(15,570)		(30,404)		132,922	372,621
Cancellation of Accounts Receivable											(11,737)
Cancellation of Accounts Payable											
Transfer to General Fund											
Reserve for Encumbrance-Beginning	3,320		6,008			49,469				58,797	51,607
Reserve for Encumbrance-Ending	\$ 25	\$	\$	\$	\$	\$	\$	\$	\$	\$ 25	\$ 58,797

**PITTSBURGH TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(with comparative totals for JUNE 30, 2016)**

	Business Services Internal Service Fund	Internet Access Internal Service Fund	Distance Learning Service Fund	Transportation Jointures Internal Service Fund	Paper Services Internal Service Fund	Art Academy Fund	Transportation Maintenance Services	Custodial Services Internal Service Fund	Aides Service Fund	Totals	
										2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts from customers and other funds	\$ 151,094	\$ 7,777	\$ -	\$ 268,380	\$ -	\$ 211,500	\$ 23,323	\$ 42,965	\$ 146,705	\$ 851,744	\$ 807,245
Payments to employees	(84,416)			(227,685)		(33,768)	(23,323)		(250)	(369,442)	(625,901)
Payments for employee benefits	(7,106)									(7,106)	(28,466)
Payments to suppliers	(3,046)	(47,190)	(329,547)		(40,022)	(34,677)		13,945	(117,490)	(558,027)	(828,124)
Net cash provided by (used for) operating activities	56,526	(39,413)	(329,547)	40,695	(40,022)	143,055		56,910	28,965	(82,831)	(675,246)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES											
State sources											
Federal sources											
Operating subsidies and transfers to other funds	7,397	176,144		(6,591)	1,946	(15,570)		(30,404)		132,922	360,884
Net cash provided by (used for) non-capital financing activities	7,397	176,144		(6,591)	1,946	(15,570)		(30,404)		132,922	360,884
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES											
Change in capital contributions											
Purchases of capital assets											
Gain/Loss on sale of fixed assets (proceeds)											
Net cash provided by (used for) capital and related financing activities											
CASH FLOWS FROM INVESTING ACTIVITIES											
Interest and dividends											
Proceeds from sale/maturities of investments											
Net cash provided by (used for) investing activities											
Net increase (decrease) in cash and cash equivalents	63,923	136,731	(329,547)	34,104	(38,076)	127,485		26,506	28,965	50,091	(314,362)
Balances—beginning of year			329,547	7,110	162,389	15,891				514,937	829,299
Balances—end of year	\$ 63,923	\$ 136,731	\$ -	\$ 41,214	\$ 124,313	\$ 143,376	\$ -	\$ 26,506	\$ 28,965	\$ 565,028	\$ 514,937
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:											
Operating income (loss)	\$ (10,692)	\$ (176,144)	\$ (6,008)	\$ 6,591	\$ (1,946)	\$ (33,899)	\$ -	\$ 30,404	\$ -	\$ (191,694)	\$ (353,694)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities											
Depreciation and net amortization											
(Increase) decrease in Accounts Receivable, net	89,530	(19,306)	40,500	(4,142)		161,385		(3,897)		264,070	(21,984)
(Increase) decrease in Interfund Receivable			11,248	4,044	(32,085)					(16,793)	(31,110)
Increase (decrease) in Interfund Payable	(15,818)	-	(96,884)	34,202	(4,044)					(82,544)	19,862
Increase (decrease) in Accounts Payable	878									878	84,301
Increase (decrease) in Unearned Revenue	(7,397)	104,446	(226,812)		(1,947)	15,569		30,403	28,965	(56,773)	(372,621)
Increase (decrease) in Other Current Liabilities	25	51,591	(51,591)							25	
Total adjustments	67,218	136,731	(323,539)	34,104	(38,076)	176,954		26,506	28,965	108,863	(321,552)
Net cash provided by (used for) operating activities	\$ 56,526	\$ (39,413)	\$ (329,547)	\$ 40,695	\$ (40,022)	\$ 143,055	\$ -	\$ 56,910	\$ 28,965	\$ (82,831)	\$ (675,246)

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

(with comparative totals for JUNE 30, 2016)

	Non-Expendable Trust Scholarship	Agency		Totals	
		Student Activity	Payroll	2017	2016
ASSETS:					
Cash and Cash Equivalents	\$ 91,681	\$ 172,565	\$ 15,975	\$ 280,221	\$ 269,685
Due from General Fund			21	21	
Total Assets	<u>\$ 91,681</u>	<u>\$ 172,565</u>	<u>\$ 15,996</u>	<u>\$ 280,242</u>	<u>\$ 269,685</u>
LIABILITIES, RESERVES AND NET POSITION:					
Liabilities:					
Accounts Payable	\$	\$	\$	\$	\$
Due to Student Groups		172,565		172,565	162,164
Payroll Deductions and Withholdings			15,996	15,996	15,079
Due to General Fund					840
Total Liabilities		<u>172,565</u>	<u>15,996</u>	<u>188,561</u>	<u>178,083</u>
Net Position:					
Held in Trust for Unemployment Claims and Other Purposes	91,681			91,681	91,602
Total Net Position	<u>91,681</u>			<u>91,681</u>	<u>91,602</u>
Total Liabilities, Reserves and Net Position	<u>\$ 91,681</u>	<u>\$ 172,565</u>	<u>\$ 15,996</u>	<u>\$ 280,242</u>	<u>\$ 269,685</u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE:		
Local Sources:		
Contributions	\$ 2,000	\$
Interest on Investments	279	280
Total Operating Revenues	<u>2,279</u>	<u>280</u>
OPERATING EXPENSES:		
Scholarship Expenditures	2,200	
Total Operating Expenses	<u>2,200</u>	
Operating Income (Loss)	<u>79</u>	<u>280</u>
Net Income (Loss)	79	280
Net Position, July 1	<u>91,602</u>	<u>91,322</u>
Net Position, June 30	<u>\$ 91,681</u>	<u>\$ 91,602</u>

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

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Accounts Receivable June 30, 2017	Accounts Payable June 30, 2017	Balance June 30, 2017
ELEMENTARY SCHOOLS:						
Middle	\$ 20,692	\$ 63,285	\$ 68,288	\$	\$	\$ 15,689
Norma	14,117	3,780	3,095			14,802
Olivet	19,208	14,939	20,830			13,317
Elmer	1,051	8,809	8,095			1,765
Total Elementary Schools	<u>55,068</u>	<u>90,813</u>	<u>100,308</u>			<u>45,573</u>
SENIOR HIGH SCHOOL:						
Arthur P. Schalick - Field Trips	10	8,913	8,913			10
Arthur P. Schalick	107,060	265,267	245,916			126,411
Total Senior High Schools	<u>107,070</u>	<u>274,180</u>	<u>254,829</u>			<u>126,421</u>
OTHER STUDENT ACTIVITIES:						
Arthur P. Schalick High School Athletic Fund	26	78,782	78,237			571
Total Other Student Activities:	<u>26</u>	<u>78,782</u>	<u>78,237</u>			<u>571</u>
Total All Schools	<u>\$ 162,164</u>	<u>\$ 443,775</u>	<u>\$ 433,374</u>	<u>\$</u>	<u>\$</u>	<u>\$ 172,565</u>

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

	<u>Balance</u> <u>July 1,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2017</u>
ASSETS:				
Cash and Cash Equivalents Due from General Fund	\$ 15,919	\$ 8,594,356 21	\$ 8,594,300	\$ 15,975 21
Total Assets	<u>\$ 15,919</u>	<u>\$ 8,594,377</u>	<u>\$ 8,594,300</u>	<u>\$ 15,996</u>
LIABILITIES:				
Payroll Deductions and Withholdings Due to General Fund	\$ 15,079 840	\$ 8,594,377	\$ 8,593,460 840	\$ 15,996
Total Liabilities	<u>\$ 15,919</u>	<u>\$ 8,594,377</u>	<u>\$ 8,594,300</u>	<u>\$ 15,996</u>

LONG-TERM DEBT SCHEDULES

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

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

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
			Date	Amount					
Refunding Bonds of 2009 to refund Series 1999 above	5/1/09	\$ 4,850,000	11/1/17-19	\$ 345,000	5.00%	\$ 2,735,000	\$	\$ 335,000	\$ 2,400,000
			11/1/20-21	345,000	4.25%				
			11/01/22	340,000	4.25%				
			11/01/23	335,000	4.25%				
2009 Various Capital Expenditures	12/18/09	\$ 1,856,000	6/30/18	\$ 100,000	3.75%	\$ 1,556,000	\$	\$ 90,000	\$ 1,466,000
			6/30/19	110,000	3.75%				
			6/30/20	120,000	3.75%				
			6/30/21	130,000	3.75%				
			6/30/22	140,000	3.75%				
			6/30/23	155,000	4.00%				
			6/30/24	160,000	4.00%				
			6/30/25	170,000	4.00%				
			6/30/26	185,000	4.00%				
			6/30/27	196,000	4.00%				

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
2013 Refunding Issue	3/20/13	\$ 1,805,000	3/1/18	\$ 135,000	2.00%	\$ 1,540,000	\$	\$ 135,000	\$ 1,405,000
			3/1/19	140,000	2.00%				
			3/1/20	140,000	2.00%				
			3/1/21	165,000	3.00%				
			3/1/22	170,000	3.00%				
			3/1/23	180,000	3.00%				
			3/1/24	235,000	3.00%				
			3/1/25	240,000	3.00%				
Total Regular Serial Bonds						<u>\$ 5,831,000</u>	<u>\$</u>	<u>\$ 560,000</u>	<u>\$ 5,271,000</u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2017

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2016</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2017</u>
Lease # 40099825 Refinancing	2.75%	1,815,080 \$	1,123,672 \$		364,444 \$	759,228
Lease # 40099826 Refinancing	2.75%	493,774	196,097		96,701	99,396
Lease -5 Buses #40121969	2.05%	438,537		438,537	69,589	368,948
Lease -5 Buses #40121969	2.09%	548,989	548,989		73,645	475,344
Lease - Chromebooks and Processor #401221970	1.40%	203,557	134,759		66,911	67,848
Lease - Vehicles, Chromebooks and Processor #077-00019910-001	2.08%	184,000	184,000		35,299	148,701
Lease - Computers	1.45%	171,567		171,567		171,567
Lease - Vehicles	1.50%	581,411		581,411		581,411
Totals			\$ 2,187,517	\$ 1,191,515	\$ 706,589	\$ 2,672,443
	General Supplies				\$ 469,988	
	Capital Outlay				236,601	
					\$ 706,589	

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 517,162	\$	\$ 517,162	\$ 517,162	
State Sources:					
Debt Service Aid Type II	260,866		260,866	260,866	
Total Revenues	<u>778,028</u>		<u>778,028</u>	<u>778,028</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	218,028		218,028	218,028	
Redemption of Principal	560,000		560,000	560,000	
Total Expenditures	<u>778,028</u>		<u>778,028</u>	<u>778,028</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Other Financing Sources:					
Operating Transfers In:					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Undesignated Fund Balance	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

STATISTICAL SECTION

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 6,180,402	\$ 6,573,146	\$ 4,898,127	\$ 6,760,829	\$ 6,745,097	\$ 7,022,729	\$ 6,724,953	\$ 6,458,397	\$ 6,055,089	\$ 5,909,343
Restricted	1,052,999	1,175,800	(156,922)	728,346	1,194,025	712,709	524,090	572,139	1,144,205	87,502
Unrestricted (Deficit)	(142,959)	(1,445,934)	27,182	(1,587,578)	(1,484,352)	(1,474,560)	(1,821,546)	(9,634,484)	(9,528,281)	(9,991,251)
Total Governmental Activities Net Position	\$ 7,090,442	\$ 6,303,012	\$ 4,768,387	\$ 5,901,597	\$ 6,454,770	\$ 6,260,878	\$ 5,427,497	\$ (2,603,948)	\$ (2,328,987)	\$ (3,994,406)
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$	\$	\$	\$	\$ 20,045	\$ 35,724	\$ 37,274	\$ 51,950	\$ 78,134	\$ 93,204
Unrestricted	48,881	51,409	39,769	21,562	40,464	20,110	117,027	119,341	185,726	225,883
Total Business-Type Activities Net Position	\$ 48,881	\$ 51,409	\$ 39,769	\$ 21,562	\$ 60,509	\$ 55,834	\$ 154,301	\$ 171,291	\$ 263,860	\$ 319,087
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 6,180,402	\$ 6,573,146	\$ 4,898,127	\$ 6,760,829	\$ 6,765,142	\$ 7,058,453	\$ 6,762,227	\$ 6,510,347	\$ 6,133,223	\$ 6,002,547
Restricted	1,052,999	1,175,800	(156,922)	728,346	1,194,025	712,709	524,090	572,139	1,144,205	87,502
Unrestricted (Deficit)	(94,078)	(1,394,525)	66,951	(1,566,016)	(1,443,888)	(1,454,450)	(1,704,519)	(9,515,143)	(9,342,555)	(9,765,368)
Total District-Wide Net Position	\$ 7,139,323	\$ 6,354,421	\$ 4,808,156	\$ 5,923,159	\$ 6,515,279	\$ 6,316,712	\$ 5,581,798	\$ (2,432,657)	\$ (2,065,127)	\$ (3,675,319)

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2015	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 7,634,910	8,096,230	8,093,806	7,615,098	7,794,480	7,949,881	8,103,294	7,423,548	7,757,360	8,146,308
Special Education	1,390,199	1,477,034	1,754,533	1,976,525	1,997,959	2,090,259	2,216,980	2,391,672	2,493,545	2,221,725
Other Special Instruction	180,051	261,667	201,808	265,475	398,908	265,282	422,846	364,830	468,101	423,650
Other Instruction	416,452	444,710	411,566	335,613	375,583	378,190	385,895	421,645	447,970	441,349
Support Services										
Tuition	467,006	460,091	573,628	604,526	515,590	507,683	663,762	898,077	539,178	1,171,860
Student and Instruction Related Services	2,960,358	3,157,058	3,372,253	3,025,587	2,966,962	3,135,539	3,214,303	3,473,691	3,735,765	3,733,780
School Administrative Services	809,369	979,112	990,849	1,135,057	1,131,465	1,140,257	1,132,564	1,087,235	1,059,568	1,033,114
General Administrative Services	2,892,248	3,672,041	3,120,429	2,229,581	2,301,980	1,766,822	718,866	675,681	670,721	796,980
Central Services and Information Technology	725,035	901,986	1,031,326	706,497	877,653	1,019,483	1,000,428	908,061	863,409	805,406
Plant Operations and Maintenance	2,384,032	2,619,454	2,447,903	2,526,263	2,556,330	2,439,996	2,612,458	2,634,144	2,918,010	2,550,312
Pupil Transportation	1,199,962	1,208,280	1,349,597	1,445,650	1,612,043	1,947,403	1,841,265	1,906,356	1,853,814	1,752,147
Employee Benefits	5,859,781	5,571,117	6,121,465	5,912,097	6,287,693	6,666,212	7,155,865	9,882,865	11,172,400	14,928,283
Business and Other Support Services	221,515	82,774	27,685	128,856	394,902	58,088	83,854	43,180	168,336	
Special Schools	72,884	73,440	56,746	101,308	93,866	91,592	96,324	30,078	43,448	
Amortization of Debt Issue Costs	8,109	25,867	25,867	6,509	6,510	45,000				
Interest on Long-Term Debt	493,377	265,002	332,050	396,553	347,045	324,953	356,493	291,621	294,624	357,371
Unallocated Depreciation and Amortization	872,321	943,646	2,000,447	1,191,857	1,214,157	1,249,822	1,306,380	1,212,606	1,265,533	1,334,672
Total Governmental Activities Expenses	28,587,609	30,239,509	31,911,958	29,603,052	30,873,126	31,076,462	31,311,577	33,645,290	35,751,782	39,696,957
Business-Type Activities										
Food Service	846,267	859,983	832,174	773,902	779,706	735,073	686,032	712,623	708,765	707,242
Child Care	148,074	141,889	129,659	145,651	145,301	155,308	114,019	128,494	112,359	143,441
Total Business-Type Activities Expense	994,341	1,001,872	961,833	919,553	925,007	890,381	800,051	841,117	821,124	850,683
Total District Expenses	\$ 29,581,950	31,241,381	32,873,791	30,522,605	31,798,133	31,966,843	32,111,628	34,486,407	36,572,906	40,547,640
Program Revenues										
Governmental Activities										
Charges for Services	\$ 3,521,345	3,685,495	3,446,323	2,191,212	2,588,390	2,063,004	1,007,820	678,792	1,179,866	984,666
Operating Grants and Contributions	3,649,039	2,407,917	2,688,851	2,528,490	2,817,784	3,237,389	2,984,638	5,800,175	7,248,410	6,301,656
Total Governmental Activities Prog. Revenues	7,170,384	6,093,412	6,135,174	4,719,702	5,406,174	5,300,393	3,992,458	6,478,967	8,428,276	7,286,322
Business-Type Activities										
Charges for Services										
Food Service	484,560	489,920	473,046	409,787	425,683	384,801	388,776	374,179	374,027	367,768
Child Care	139,256	146,065	120,408	159,006	150,346	134,954	144,876	128,520	141,166	157,319
Operating Grants and Contributions	300,431	316,876	345,128	320,949	327,310	329,207	364,674	354,947	397,929	380,050
Total Business-Type Activities Prog. Revenues	924,247	952,861	938,582	889,742	903,339	848,962	898,326	857,646	913,122	905,137
Total District Program Revenues	\$ 8,094,631	7,046,273	7,073,756	5,609,444	6,309,513	6,149,355	4,890,784	7,336,613	9,341,398	8,191,459
Net (Expense)/Revenue										
Governmental Activities	\$ (21,417,225)	(24,146,097)	(25,776,784)	(24,883,350)	(25,466,952)	(25,776,069)	(27,319,119)	(27,166,323)	(27,323,506)	(32,410,635)
Business-Type Activities	(70,094)	(49,011)	(23,251)	(29,811)	(21,668)	(41,419)	98,275	16,529	91,998	54,454
Total District-Wide Net Expense	\$ (21,487,319)	(24,195,108)	(25,800,035)	(24,913,161)	(25,488,620)	(25,817,488)	(27,220,844)	(27,149,794)	(27,231,508)	(32,356,181)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 8,461,511	8,345,144	8,625,275	8,483,060	8,483,060	8,826,602	9,003,134	9,296,979	9,766,792	10,033,892
Taxes Levied for Debt Service	370,652	449,121	454,880	583,860	573,888	606,352	542,035	503,085	502,391	5,925,937
Unrestricted Grants and Contributions	10,996,417	12,612,748	13,276,946	13,956,827	13,752,737	13,216,567	13,772,056	13,842,223	14,002,177	11,615,909
Tuition Received	1,499,984	1,578,018	1,663,587	2,766,329	3,040,004	3,034,238	3,168,286	3,150,646	3,165,348	3,117,914
Investment Earnings	91,921	30,284	24,855	17,399	11,597	6,772	6,478	7,005	7,698	8,716
Miscellaneous Income	237,759	260,955	207,616	220,085	260,398	256,373	122,358	406,903	180,709	69,463
Gain on Defeasement of Debt		132,873			6,568					
Accrued Interest and Fixed Asset Adjustments	14,882									
Cancellation of Accounts Receivable/Payable					(6,341)	(61,129)	(65,507)			
Transfer to Charter School					(41,906)	(183,845)	(54,085)			
Transfers	(10,476)	(50,476)		(11,000)	(59,880)	(36,557)	(9,017)	(27,478)	(26,648)	(26,615)
Total Governmental Activities	21,662,650	23,358,667	24,253,159	26,016,560	26,020,125	25,665,373	26,485,738	27,179,363	27,598,467	30,745,216
Business-Type Activities										
Investment Earnings	4,038	1,063	611	604	735	187	192	461	571	773
Miscellaneous Income	12,732									
Prior Year Adjustments	32,891									
Transfer	10,476	50,476		11,000	59,880	36,557				
Total Business-Type Activities	60,137	51,539	611	11,604	60,615	36,744	192	461	571	773
Total District-Wide	\$ 21,722,787	23,410,206	24,253,770	26,028,164	26,080,740	25,702,117	26,486,930	27,179,824	27,599,038	30,746,989
Change in Net Position										
Governmental Activities	\$ 245,425	(787,430)	(1,523,625)	1,133,210	553,173	(110,696)	(833,381)	13,040	274,961	(1,665,419)
Business-Type Activities	(9,957)	2,528	(22,640)	(18,207)	38,947	(4,675)	98,467	16,990	92,569	55,227
Total District-Wide	\$ 235,468	(784,902)	(1,546,265)	1,115,003	592,120	(115,371)	(734,914)	30,030	367,530	(1,610,192)

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted	\$ 1,318,264	\$ 1,059,301	\$ 543,765	\$ 244,210	\$ 607,456	\$ 562,392	\$	\$	\$	\$
Capital Reserve							2,721	2,731	2,741	2,751
Assigned:										
Year-end Encumbrances							155,349	67,770	652,943	36,765
Subsequent Year's Expenditures							200,000	338,000	338,000	
Unrestricted	(67,668)	(756,755)	(1,032,703)	(806,569)	(700,726)	(778,052)	(810,199)	(855,638)	(685,522)	(614,089)
Total General Fund	\$ 1,250,596	\$ 302,546	\$ (488,938)	\$ (562,359)	\$ (93,270)	\$ (215,660)	\$ (452,129)	\$ (447,137)	\$ 308,162	\$ (574,573)
All Other Governmental Funds										
Restricted	\$	\$	\$ 2,503,077	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund	(21,311)	(6,930)	(6,930)	(6,930)	(6,930)	(6,930)	(6,930)	(6,930)	(6,930)	(6,930)
Capital Projects Fund	112,254	112,254	(693,611)	385,035	395,953	66,265	66,265	65,849	65,849	
Debt Service Fund	2	3	23,832	23,832	2	2	13,397	13,397		
Permanent Fund	75,982	77,675	79,666	82,199	91,252	90,980	93,288	91,322	91,602	91,681
Total All Other Governmental Funds	\$ 166,927	\$ 183,002	\$ 1,906,034	\$ 484,136	\$ 480,277	\$ 150,317	\$ 166,020	\$ 163,638	\$ 150,521	\$ 84,751

Source: CAFR Schedule B-1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 8,832,163	\$ 8,794,265	\$ 9,080,155	\$ 9,066,920	\$ 9,056,948	\$ 9,432,954	\$ 9,545,169	\$ 9,800,064	\$ 10,269,183	\$ 10,551,054
Tuition Charges	1,499,984	1,578,018	1,663,587	2,766,329	3,030,411	3,034,238	3,168,286	3,126,181	3,133,105	3,071,329
Tuition from State of New Jersey					9,593			24,465	32,243	46,585
Rent										
Interest Earnings	91,894	30,284	24,855	17,399	11,597	6,772	6,478	7,005	7,698	8,716
Miscellaneous	244,638	267,644	207,616	220,085	260,398	356,756	174,358	226,903	199,448	69,463
State Sources	13,766,835	14,213,812	12,974,281	15,606,741	15,317,128	15,651,284	15,902,514	16,284,981	16,871,710	17,221,406
Federal Sources	871,742	800,166	2,991,516	878,576	1,253,393	802,672	854,180	779,501	920,554	814,961
Local Sources										
Total Revenues	25,307,256	25,684,189	26,942,010	28,556,050	28,939,468	29,284,676	29,650,985	30,249,100	31,433,941	31,783,514
Expenditures										
Instruction										
Regular Instruction	7,634,910	8,096,231	8,190,926	7,659,818	7,583,063	7,900,047	8,015,101	7,778,021	7,783,812	8,064,806
Special Education Instruction	1,390,199	1,477,034	1,754,533	1,976,525	1,997,959	2,090,259	2,216,980	2,391,672	2,493,545	2,221,725
Other Special Instruction	180,051	261,667	201,808	265,475	398,908	265,282	422,846	364,830	468,101	423,650
Other Instruction	416,452	444,710	411,566	335,613	375,583	378,190	385,895	421,645	447,970	441,349
Support Services										
Tuition	467,006	460,091	573,628	604,526	515,590	507,683	663,762	898,077	550,426	1,171,860
Student and Instruction Related Services	2,581,781	2,753,777	2,930,502	2,809,023	2,889,590	3,013,574	3,105,515	3,290,208	3,448,661	3,341,676
School Administrative Services	809,369	979,112	990,849	1,135,057	1,131,465	1,140,257	1,132,564	1,087,235	1,058,494	1,033,114
General Administrative Services	543,214	509,884	648,049	559,092	525,446	541,473	655,238	661,002	667,221	633,248
Central Services and Information Tech	725,035	767,403	786,096	693,832	770,183	754,783	724,659	699,196	712,756	643,509
Plant Operations and Maintenance	2,268,645	2,499,609	2,410,917	2,508,084	2,580,069	2,709,377	2,589,199	2,576,302	2,633,953	2,614,841
Pupil Transportation	1,281,853	1,223,458	1,357,368	1,262,832	1,528,691	1,741,610	1,572,887	1,545,518	1,586,525	1,802,630
Business and Other Support Services										
Unallocated Employee Benefits	5,764,717	5,549,810	6,124,014	5,938,758	6,267,598	6,658,694	7,123,962	7,318,839	7,655,912	9,032,401
Special Schools	72,884	73,440	56,746	101,308	93,866	91,592	96,324	30,078	43,448	
Capital Outlay	1,371,952	1,224,172	856,466	3,291,389	1,929,261	907,015	312,914	375,761	1,265,405	1,575,280
Debt Service										
Principal	366,254	478,078	534,929	536,923	579,021	611,278	578,648	530,000	550,000	560,000
Interest and Other Charges	398,603	378,668	296,895	362,114	339,215	319,631	266,240	250,628	235,428	218,028
Total Expenditures	26,272,925	27,177,144	28,125,292	30,040,369	29,505,508	29,630,745	29,862,734	30,219,012	31,601,657	33,778,117
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(965,669)	(1,492,955)	(1,183,282)	(1,484,319)	(566,040)	(346,069)	(211,749)	30,088	(167,716)	(1,994,603)
Other Financing Sources (Uses)										
Transfer to Charter School					(41,906)	(183,845)	(9,017)	(27,478)	(26,648)	(26,615)
Capital Lease (Non-budgeted)	1,081,916	611,456	269,830		1,133,056	114,121			936,546	1,191,515
Cancellation of State Aid										(118,802)
Bond Proceeds			1,856,000							
Transfers	(12,604)	(50,476)	(11,000)	(11,000)	(59,880)	(36,557)				
Total Other Financing Sources (Uses)	1,069,312	560,980	2,114,830	(11,000)	1,031,270	(106,281)	(9,017)	(27,478)	909,898	1,046,098
Net Change in Fund Balances	\$ 103,643	\$ (931,975)	\$ 931,548	\$ (1,495,319)	\$ 465,230	\$ (452,350)	\$ (220,766)	\$ 2,610	\$ 742,182	\$ (948,505)
Debt Service as a Percentage of										
Noncapital Expenditures	3.1%	3.3%	3.1%	3.4%	3.3%	3.2%	2.9%	2.6%	2.6%	2.4%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals and Use of Facilities	Prior Year Tuition	Services to Other LEAs	Refund of Prior Year Expenditure	Insurance Refunds and Settlement	Athletic Receipts	Energy Admin Fee	Sale of Paper	Misc.	Total
2017	\$ 8,338	\$ 3,117,914	\$ 2,582					\$ 13,662	\$ 22,457		\$ (6,334)	\$ 3,158,619
2016	7,307	3,165,348	185	23,911	3,260	45,349	17,175	15,482	45,402		41,682	3,365,101
2015	6,611	3,150,646	2,480			3,858	512	15,373	37,266	52,000	100,173	3,368,919
2014	6,044	3,168,286	1,260			29,604	11,118	19,137	43,614	52,000	11,995	3,343,058
2013	6,375	3,034,238	2,200	27,200	109,713	2,099	237	13,901	83,173	100,383	15,839	3,395,358
2012	9,998	3,040,004	5,992	21,530	107,562	24,269	982	12,776	47,735		1,079	3,271,927
2011	10,700	2,766,329	16,288	32,977	73,900	7,926	4,341	15,028	45,651		12,329	2,985,469
2010	14,748	1,663,587	15,792	19,205	105,917	500	11,004	14,038	26,674		3,701	1,875,166
2009	27,105	1,578,018	14,505	870	130,963	17,311	32,536	15,162	38,202		7,091	1,861,763
2008	76,102	1,499,984	11,251	527	126,267	18,041	39,459	23,359	14,087		18	1,809,095

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2017	\$ 13,205,100	\$ 482,659,900	\$ 49,940,700	\$ 5,479,400	\$ 49,282,900	\$ 600,568,000	\$ 968,977	\$ 601,536,977	1.792	\$ 636,397,160
2016	13,990,600	482,332,700	50,481,500	5,480,300	51,421,900	603,707,000	1,016,133	604,723,133	1.722	634,410,178
2015	14,561,600	481,563,100	50,877,100	5,521,200	51,929,100	604,452,100	1,084,474	605,536,574	1.722	641,500,415
2014	14,454,600	481,609,800	51,345,600	5,533,100	52,552,800	605,495,900	1,063,370	606,559,270	1.657	632,887,385
2013	15,019,300	481,690,300	51,248,500	5,357,000	52,672,700	605,987,800	1,432,898	607,420,698	1.595	640,468,893
2012	15,634,200	479,213,600	52,128,600	5,404,900	52,936,800	605,318,100	1,488,950	606,807,050	1.563	656,677,416
2011	15,819,000	479,494,800	52,294,400	5,540,200	52,603,300	605,751,700	1,527,972	607,279,672	1.524	674,374,498
2010	15,784,300	478,832,100	53,269,500	5,502,600	51,823,700	605,212,200	1,831,644	607,043,844	1.492	711,299,851
2009	16,928,800	475,124,900	51,948,000	5,531,700	51,299,600	600,833,000	1,813,634	602,646,634	1.495	724,793,252
2008	16,892,800	471,670,200	53,651,800	5,236,200	51,371,500	598,822,500	1,628,094	600,450,594	1.482	745,017,560

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Year Ended June 30,	Pittsgrove Township Board of Education			Overlapping Rates			Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Pittsgrove Township	Salem County	Municipal Open Space	
2017	\$ 1.704	\$ 0.088	\$ 1.792	\$ 0.319	\$ 1.235	\$ 0.010	\$ 3.356
2016	1.638	0.084	1.722	0.309	1.14	0.010	3.181
2015	1.572	0.085	1.657	0.299	1.06	0.010	3.026
2015	1.505	0.090	1.595	0.281	1.012	0.010	2.898
2013	1.463	0.100	1.563	0.280	1.019	0.010	2.872
2012	1.427	0.097	1.524	0.261	1.019	0.015	2.819
2011	1.396	0.096	1.492	0.216	0.994	0.030	2.732
2010	1.420	0.075	1.495	0.216	1.034	0.030	2.775
2009	1.406	0.076	1.482	0.216	1.068	0.030	2.796
2008	1.406	0.062	1.468	0.238	1.150	0.031	2.887

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

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

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

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

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Nancy-Lee Inc.	\$ 5,742,000		0.95%	\$ 5,742,000	1	1.00%
LJK Golf LLC	4,100,000		0.68%			
Bifulco Brothers	3,565,500		0.59%	2,537,100	4	0.44%
Rainbow of NJ	2,722,400		0.45%	2,719,000	3	0.48%
Taxpayer #1	2,152,800		0.36%	2,306,500	5	0.40%
Holly Tree Acres LLC	2,015,200		0.33%			
Picnic Grove MHC LLC	1,790,000		0.30%			
Catalana	1,731,400		0.29%			
T&T Management LLC	1,730,800		0.29%			
HCB Property Holdings LLC	1,200,000		0.20%			
Running Deer Golf Company LLC				4,548,200	2	0.80%
Windover LLC				2,015,200	6	0.35%
Shree Yogi LLC				1,926,900	7	0.34%
Taxpayer #2				1,802,800	8	0.32%
Taxpayer #3				1,790,000	9	0.31%
Taxpayer #4				1,664,700	10	0.29%
Total	\$ 26,750,100		3.47%	\$27,052,400		4.73%

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

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the Fiscal</u> <u>Year</u>	<u>Collected Within the Fiscal</u> <u>Year of the Levy</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>% of Levy</u>	
2017	\$ 10,033,892	\$ 10,033,892	100.00%	\$
2016	9,766,792	9,766,792	100.00%	
2015	9,296,979	9,296,979	100.00%	
2014	9,545,169	9,545,169	100.00%	
2013	9,545,169	9,545,169	100.00%	
2012	9,056,948	9,056,948	100.00%	
2011	9,066,921	9,066,921	100.00%	
2010	9,080,155	9,080,155	100.00%	
2009	8,794,265	8,794,265	100.00%	
2008	8,832,163	8,832,163	100.00%	

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

Note:

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income	
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Per Capita ^a			
2017	\$ 5,271,000	\$ 2,672,443	\$	\$	\$ 7,943,443	2.05%	\$ 896 *	
2016	5,831,000	2,187,517			8,018,517	2.06%	901	
2015	6,381,000	1,846,717			8,227,717	2.12%	915	
2014	6,911,000	2,456,640			9,367,640	2.41%	1,032	
2013	7,489,648	1,846,717			9,336,365	2.41%	1,022	
2012	8,024,925	2,806,909			10,831,834	2.81%	1,179	
2011	8,603,946	1,785,491			10,389,437	2.69%	1,119	
2010	9,140,869	2,000,764			11,141,633	2.91%	1,195	
2009	7,819,798	2,102,572			9,922,370	2.67%	1,059	
2008	8,352,876	1,792,501			10,145,377	2.81%	1,096	

* Estimate

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2017	\$ 5,271,000	\$	\$ 5,271,000	0.83%	\$ 594 *
2016	5,831,000		5,831,000	0.91%	655
2015	5,831,000		5,831,000	0.91%	649
2014	6,911,000		6,911,000	1.09%	761
2013	7,489,648		7,489,648	1.17%	820
2012	8,024,925		8,024,925	1.22%	874
2011	8,603,946		8,603,946	1.28%	927
2010	9,140,869		9,140,869	1.26%	978
2009	7,819,798		7,819,798	1.08%	835
2008	8,352,876		8,352,876	1.12%	882

* Estimate

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

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

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

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

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Pittsgrove Township	\$ 456,960	100%	\$ 456,960
Other debt			
County of Salem - Township's Share	39,534,364	13.0%	5,122,309
Subtotal, Overlapping Debt			<u>5,579,269</u>
Pittsgrove Township School District Direct Debt			5,271,000
Total Direct and Overlapping Debt			<u>\$ 10,850,269</u>

Sources: Pittsgrove Township Finance Officer and Salem County Finance Office

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis	
	2016	\$ 639,723,429
	2015	632,205,941
	2014	639,653,391
	[A]	\$ 1,911,582,761
	Average Equalized Valuation of Taxable Property	[A/3] \$ 637,194,254
	Debt Limit (4% of Average Equalization Value)	[B] \$ 25,487,770
	Net Bonded School Debt	[C] 5,271,000
	Legal Debt Margin	[B-C] \$ 20,216,770

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 26,459,533	\$ 28,229,424	\$ 28,713,938	\$ 27,866,713	\$ 27,011,045	\$ 26,157,926	\$ 25,656,112	\$ 25,469,285	\$ 25,388,673	\$ 25,487,770
Total Net Debt Applicable to Limit	8,352,876	7,819,798	2,010	8,603,946	8,024,925	7,489,648	6,911,000	6,381,000	5,831,000	5,271,000
Legal Debt Margin	\$ 18,106,657	\$ 20,409,626	\$ 28,711,928	\$ 19,262,767	\$ 18,986,120	\$ 18,668,278	\$ 18,745,112	\$ 19,088,285	\$ 19,557,673	\$ 20,216,770
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	31.57%	27.70%	0.01%	30.88%	29.71%	28.63%	26.94%	25.05%	22.97%	20.68%

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2017	** 8,867	\$ 387,507,821	\$ 43,702	** 5.2%
2016	8,952	389,001,486	43,270	5.8%
2015	9,038	389,040,390	42,841	6.5%
2014	9,103	387,394,187	42,417	8.2%
2013	9,166	385,700,448	41,997	9.9%
2012	9,269	385,667,100	41,550	11.1%
2011	9,334	384,352,334	41,138	8.7%
2010	9,358	371,904,670	39,691	9.0%
2009	9,475	369,269,175	38,973	9.5%
2008	9,471	370,259,274	39,094	5.5%

Source:

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

^b Personal income

^c Per Capita

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

** Estimate

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

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
PSEG	1,300	2.54%		
EI duPont	1,250	2.44%		
Mannington Mills	826	1.61%		
Memorial Hospital of Salem County	600	1.17%		
Atlantic City Electric	426	0.83%		
RE Pierson Construction	400	0.78%		
Anchor Glass	361	0.70%		
McLane NJ	352	0.69%		
Elmer Hospital	350	0.68%		
Walmart	256	0.50%		
Berkowitz Glass	225	0.44%		
Siegfried (USA)	155	0.30%		
Ranch Hope	145	0.28%		
Wire-Pro Inc.	140	0.27%		
Home Care & Hospice Care of SJ	130	0.25%		
The Bank	130	0.25%		
Polyone	125	0.24%		
PSEG Nuclear Training	114	0.22%		
Cumberland Dairy	100	0.20%		
SJAP Naturalink	100	0.20%		
PE Kramme	80	0.16%		
SJ Transportation Co	80	0.16%		
Unico Services	77	0.15%		
Spark's Electric Inc.	75	0.15%		
First National Bank of Elmer	69	0.13%		
PG&E Generating	57	0.11%		
Franklin Savings Bank	55	0.11%		

Source: Salem County Economic Resource Guide

* Salem County

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	136.50	135.50	127.50	145.50	128.00	129.00	129.00	130.00	103.50	112.80
Special education	24.00	25.10	25.10	13.50	25.10	26.00	26.00	33.80	32.00	27.40
Support Services:										
Student & instruction related services	24.30	36.00	38.50	33.20	38.50	38.50	38.50	31.00	36.00	32.60
General administrative services	4.00	3.50	2.50	9.00	2.50	2.50	2.50	2.50	3.00	3.00
School administrative services	15.50	16.00	14.00	14.00	14.00	14.00	14.00	11.00	14.00	16.70
Central services	10.50	10.00	6.50	5.50	5.50	5.50	5.00	5.00	4.00	4.00
Administrative information technology	4.00	4.50	4.50	1.00	4.50	4.50	4.50	2.50	2.50	2.30
Plant operations and maintenance	16.20	19.00	19.00	19.75	19.00	19.00	12.00	8.00	9.50	8.00
Pupil transportation	23.70	32.00	24.00	13.00	24.00	24.00	29.00	29.00	33.50	40.90
Total	<u>258.70</u>	<u>281.60</u>	<u>261.60</u>	<u>254.45</u>	<u>261.10</u>	<u>263.00</u>	<u>260.50</u>	<u>252.80</u>	<u>238.00</u>	<u>247.70</u>

Source: District Personnel Records

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

Fiscal	Enrollment	Operating Expenditures ⁽¹⁾	Cost Per Pupil	Percentage Change	Teaching Staff ⁽²⁾	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ⁽³⁾	Average Daily Attendance (ADA) ⁽³⁾	% Change in Average Daily Enrollment	Student Attendance Percentage
						Pre K & K	Elementary	Middle School	High School				
2017	1,685	\$ 32,202,837	\$ 19,111	13.59%	140.20	1 : 18.0	1 : 13.0	1 : 11.0	1 : 13.0	1,697	1,642	-0.93%	96.76%
2016	1,803	30,336,252	16,825	1.54%	135.50	1 : 17.0	1 : 13.0	1 : 11.0	1 : 13.0	1,713	1,654	2.70%	96.56%
2015	1,801	29,843,251	16,570	1.05%	155.00	1 : 14.0	1 : 13.0	1 : 13.0	01:12.0	1,668	1,609	-4.30%	96.46%
2014	1,802	29,549,820	16,398	2.82%	155.00	1 : 14.0	1 : 13.0	1 : 8.0	1 : 7.0	1,743	1,678	1.36%	96.27%
2013	1,801	28,723,730	15,949	4.97%	155.00	1 : 14.8	1 : 16.6	1 : 11.4	1 : 11.7	1,720	1,646	-1.29%	95.69%
2012	1,815	27,576,247	15,194	7.41%	26.00	1 : 15.4	1 : 15.2	1 : 12.4	1 : 11.3	1,742	1,665	-5.12%	95.58%
2011	1,891	26,748,980	14,145	-0.85%	150.80	1 : 14.5	1 : 11.2	1 : 10.7	1 : 10.4	1,836	1,753	2.91%	95.48%
2010	1,853	26,437,002	14,267	5.12%	152.60	1 : 14.0	1 : 17.0	1 : 16.0	1 : 15.7	1,784	1,704	-0.61%	95.52%
2009	1,849	25,096,226	13,573	8.98%	166.50	1 : 7.7	1 : 8.8	1 : 9.0	1:08.7	1,795	1,704	-3.97%	94.93%
2008	1,938	24,136,116	12,454	7.28%	151.50	1:14.9	1:13.4	1:12.0	1:13.4	1,869	1,765	-3.30%	94.43%

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

Note: Enrollment based on annual October district count.

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District Building										
Elementary										
Norma School (1953, 1994)										
Square Feet	22,110	22,110	22,110	22,110	22,110	22,110	22,110	22,110	22,110	22,110
Capacity (students)	135	135	135	135	135	135	135	135	135	135
Enrollment	169.5	167.9	155.4	178.5	174.4	155.2	173.9	189.5	168.0	187.0
Olivet School (1930, 1957, 1966, 1992)										
Square Feet	56,659	56,659	56,659	56,659	56,659	56,659	56,659	56,659	56,659	56,659
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	347.9	340.3	342.0	362.8	367.8	384.6	406.0	425.2	441.0	476.0
Elmer School										
Square Feet	19,281	19,281	19,281	19,281	19,281	19,281	19,281	19,281	19,281	19,281
Capacity (students)	158	158	158	158	158	158	158	158	158	158
Enrollment	217.6	226.3	219.4	199.7	209.2	243.1	240.1			
Middle School										
Pittsgrove Middle School (1912, 1999)										
Square Feet	88,473	88,473	88,473	88,473	88,473	88,473	88,473	88,473	88,473	88,473
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	399.9	399.1	405.7	441.8	455.5	433.0	430.7	558.5	577.0	612.0
High School										
Arthur P. Schalick High School (1976)										
Square Feet	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Capacity (students)	721	721	721	721	721	721	721	721	721	721
Enrollment	562.1	579.8	545.4	560.5	512.7	599.2	640.5	680.0	663.0	689.0
Other										
Maintenance Building (2000)										
Square Feet	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Annex Building (1933, 1942)										
Square Feet	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828
Board of Education (1989)										
Square Feet	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Round House (1985)										
Square Feet	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Number of Schools at JUNE 30, 2017										
Preschool & Kindergarten = 1										
Elementary = 2										
Middle School = 1										
High School = 1										

Source: District records, ASSA

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

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

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
A.P. Schalick High School	112,000	\$ 46,781	\$ 13,610	\$ 19,115	\$ 13,740	\$ 21,923	\$ 38,062	\$ 16,324	\$ 77,483	\$ 57,478	\$ 50,098
Pittsgrove Middle School	88,473	19,281	6,889	21,026	5,711	6,654	3,293	8,608	12,851	21,382	52,954
Olivet Elementary School	56,659	19,646	100	11,158	6,873	38,560	8,709	3,126	2,581	37,634	25,889
Elmer Elementary School	19,281	11,287	29,255	10,192	10,060	7,947	4,811	7,504			
Norma Elementary School	22,110	19,369	17,085	4,871	1,952	6,059	11,931	6,213	4,830	13,565	30,982
Total School Facilities		116,364	66,939	66,362	38,336	81,143	66,806	41,775	97,745	130,059	159,923
Other Facilities	15,028	196,465	30,929	39,470	32,177	58,253	47,607	59,108	58,143	63,280	10,310
Grand Total		\$ 312,829	\$ 97,868	\$ 105,832	\$ 70,513	\$ 139,396	\$ 114,413	\$ 100,883	\$ 155,888	\$ 193,339	\$ 170,233

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

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

	<u>Coverage</u>	<u>Deductible</u>
Republic Franklin Insurance Company/Utica National Insurance Group:		
Property		
Property- Blanket Building & Contents	\$ 58,032,949	\$ 1,000
General Liability Section		
General Aggregate Limit	3,000,000	
Products and Completed Operations Limit	3,000,000	
Personal Advertising Injury Limit	1,000,000	
Each Occurrence Limit	1,000,000	
Employee Benefit Liability		
Limit of Liability	1,000,000	
Annual Aggregate	3,000,000	
Retroactive Date (7/1/1990)		
Insured Retained Limit (Each Claim)	1,000	
Abuse or Molestation Liability		
Limit of Liability	1,000,000	
Annual Aggregate	3,000,000	
Employment-Related Practices Liability		
Limit of Liability	1,000,000	
Annual Aggregate	1,000,000	
Insured Retained Limit (Each Claim)	5,000	
Coinurance - 5% subject to a maximum of (Each Loss)	25,000	
School District Legal Liability Coverage		
Legal Liability	1,000,000	
Aggregate	3,000,000	
Insured Retained Limit (Each Loss)	7,500	
Coinurance - 5% subject to a maximum of (Each Loss)	25,000	
Coinurance - 5% subject to a maximum of (Aggregate)	75,000	
Commercial Crime Section		
Employee Dishonest Coverage (Per Loss)	100,000	500
Commercial Inland Marine		
Data Processing Limit	1,054,308	250
Business Auto Policy		
Liability Limit	1,000,000	
Comprehensive Deductible		500
Collision Deductible		1000
NJ Schools Insurance Group:		
Workers Compensation		
Bodily Injury by Accident (Each Accident)	2,000,000	
Bodily Injury by Disease (Agreement Limit)	2,000,000	
Bodily Injury by Accident (Each Employee)	2,000,000	
Utica National Insurance Group:		
Commercial Umbrella Policy		
General Aggregate	10,000,000	
Each Incident Limit	10,000,000	
Retained Limit	10,000	
Zurich American Insurance Company:		
Student Accident Coverage		
Compulsory Student Accident Coverage	5,000,000	
The Ohio Casualty Insurance Company:		
Surety Bonds		
Public Official Bond- Superintendent	250,000	
Public Official Bond- Business Administrator	250,000	
Selective Insurance Company:		
Surety Bonds		
Public Official Bond- Interim Business Administrator	250,000	

Source: District records

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Pittsgrove Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board of Education of the Pittsgrove Township's basic financial statements and have issued our report thereon dated November 17, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 17, 2017

NIGHTLINGER, COLAVITA & VOLPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Program

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

Report on Internal Control Over Compliance

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

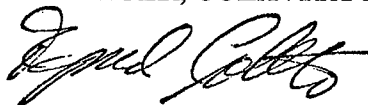
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 17, 2017. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB 15-08.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 17, 2017

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

Federal Grantor/Pass-Through Grantor / Program Title	CFDA Number	Federal FAIN Number	State Project Number	Grant Period From To	Program or Award Amount	JUNE 30, 2016			Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Adj-ment	Repayment of Prior Year Balance	JUNE 30, 2017		Due to Grantor at June 30, 2017
						Accounts Receivable	Unearned Revenue	Due to Grantor							(Accounts Receivable)	Unearned Revenue	
U.S. Department of Education																	
General Fund																	
Medical Assistance Program	93.778	1605NJ5MAP	N/A	7/1/15- 6/30/16	\$ 18,614	\$ (2,540)	\$	\$ 2,540	\$	\$	\$	\$	\$	\$	\$	\$	\$
Medical Assistance Program	93.778	1705NJ5MAP	N/A	7/1/16- 6/30/17	26,476			26,476	(26,476)		(26,476)						
Total U.S. Department of Education								29,016	(26,476)		(26,476)						
U.S. Department of Agriculture																	
Passed-through State Department of Education:																	
Enterprise Fund:																	
Non-Cash Assistance:																	
Food Distribution Program	10.565	Unknown	N/A	7/1/15- 6/30/16	63,656				4,743	(4,743)	(4,743)						
Food Distribution Program	10.565	Unknown	N/A	7/1/16- 6/30/17	60,791			60,791	(51,397)		(51,397)				9,394		
Child Nutrition Center:																	
Cash Assistance:																	
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15- 6/30/16	246,076	(42,155)		42,155									
National School Lunch Program	10.555	171NJ304N1099	N/A	7/1/16- 6/30/17	241,026			230,245	(241,026)		(241,026)				(10,781)		
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15- 6/30/16	81,371	(15,177)		15,177									
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16- 6/30/17	75,537			71,272	(75,537)		(75,537)				(4,265)		
Special Milk Program	10.556	16161NJ304N1099	N/A	7/1/15- 6/30/16	1,285	(234)		234									
Special Milk Program	10.556	171NJ304N1099	N/A	7/1/16- 6/30/17	930			871	(930)		(930)				(59)		
Total U.S. Department of Agriculture						(57,566)	4,743		420,745	(373,633)		(373,633)			(15,105)	9,394	
U.S. Department of Education																	
Passed-through State Department of Education:																	
Special Revenue Fund:																	
Title I	84.010	S010A160030	NCLB415017	7/1/16- 6/30/17	401,616			219,551	(336,426)		(336,426)				(116,875)		
Title I	84.010	S010A150030	NCLB415016	7/1/15- 6/30/16	403,120	(138,044)		137,923					121				
IDEA Cluster:																	
I.D.E.A. Part B, Basic	84.027	H027A160100	IDEA415017	7/1/16- 6/30/17	464,967			406,894	(406,894)		(406,894)						
I.D.E.A. Part B, Basic	84.027	H027A150100	IDEA415016	7/1/15- 6/30/16	481,749	(42,435)		42,435									
I.D.E.A. Part B, Preschool	84.173	H173A160114	IDEAPS415017	7/1/16- 6/30/17	10,911			10,066	(10,066)		(10,066)						
NCLB T-II A	84.367A	S367A160029	NCLB415017	7/1/16- 6/30/17	40,181			24,054	(28,579)		(28,579)				(4,525)		
NCLB T-II A	84.367A	S367A150029	NCLB415016	7/1/15- 6/30/16	37,412	(8,278)		8,278									
NCLB T-II A	84.367A	S367A130029	NCLB415014	7/1/13- 6/30/14	37,406		280							(280)			
Total U.S. Department of Education						(188,757)		280	849,201	(781,965)		(781,965)	121	(280)	(121,400)		
Total Federal Financial Awards						\$ (248,863)	\$ 4,743	\$ 280	\$ 1,298,962	\$ (1,182,074)	\$	\$ (1,182,074)	\$ 121	\$ (280)	\$ (136,505)	\$ 9,394	\$

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

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

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

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	JUNE 30, 2016		Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year Balance	JUNE 30, 2017		MEMO	
				(Accounts Receivable)	Unearned Revenue					(Accounts Receivable)	Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Equalization Aid	16-495-034-5120-078	\$10,430,292	7/1/15 to 6/30/16	\$ (1,015,779)	\$	\$ 1,015,779	\$	\$	\$	\$	\$	\$	* \$
Equalization Aid	17-495-034-5120-078	10,418,547	7/1/16 to 6/30/17			9,408,156	(10,418,547)			(1,010,391)		(1,010,391)	* 10,418,547
Transportation Aid	16-495-034-5120-014	729,154	7/1/15 to 6/30/16	(71,010)		71,010							
Transportation Aid	17-495-034-5120-014	727,339	7/1/16 to 6/30/17			656,802	(727,339)			(70,537)		(70,537)	* 727,339
Special Education Categorical Aid	16-495-034-5120-089	837,197	7/1/15 to 6/30/16	(81,532)		81,532							
Special Education Categorical Aid	17-495-034-5120-089	849,160	7/1/16 to 6/30/17			766,808	(849,160)			(82,352)		(82,352)	* 849,160
Security Aid	16-495-034-5120-084	228,815	7/1/15 to 6/30/16	(22,284)		22,284							
Security Aid	17-495-034-5120-084	230,429	7/1/16 to 6/30/17			208,082	(230,429)			(22,347)		(22,347)	* 230,429
Adjustment Aid	16-495-034-5120-085	12,519	7/1/15 to 6/30/16	(1,219)		1,219							
Adjustment Aid	17-495-034-5120-085	12,502	7/1/16 to 6/30/17			11,290	(12,502)			(1,212)		(1,212)	* 12,502
School Choice Aid	16-495-034-5120-068	1,267,285	7/1/15 to 6/30/16	(123,417)		123,417							
School Choice Aid	17-495-034-5120-068	1,263,968	7/1/16 to 6/30/17			1,141,388	(1,263,968)			(122,580)		(122,580)	* 1,263,968
PARCC Readiness Aid	16-495-034-5120-098	14,560	7/1/15 to 6/30/16	(1,418)		1,418							
PARCC Readiness Aid	17-495-034-5120-098	14,560	7/1/16 to 6/30/17			13,148	(14,560)			(1,412)		(1,412)	* 14,560
Per Pupil Growth Aid	16-495-034-5120-097	14,560	7/1/15 to 6/30/16	(1,418)		1,418							
Per Pupil Growth Aid	17-495-034-5120-097	14,560	7/1/16 to 6/30/17			13,148	(14,560)			(1,412)		(1,412)	* 14,560
Prof Learning Comm Aid	17-495-034-5120-101	14,345	7/1/16 to 6/30/17			12,954	(14,345)			(1,391)		(1,391)	* 14,345
Additional Adjustment	17-495-034-5120-085	3,317	7/1/16 to 6/30/17			2,995	(3,317)			(322)		(322)	* 3,317
Extraordinary Aid	16-100-034-5120-044	193,589	7/1/15 to 6/30/16	(193,589)		193,589							
Extraordinary Aid	17-100-034-5120-044	201,916	7/1/16 to 6/30/17				(201,916)			(201,916)			* 201,916
Non-Public Transportation Aid	16-495-034-5120-014	11,483	7/1/15 to 6/30/16	(11,483)		11,483							
Non-Public Transportation Aid	17-495-034-5120-014	9,222	7/1/16 to 6/30/17				(9,222)			(9,222)			* 9,222
Reimbursed TPAF Social Security Contrib.	16-495-034-5094-003	842,466	7/1/15 to 6/30/16	(41,309)		41,309							
Reimbursed TPAF Social Security Contrib.	17-495-034-5094-003	823,947	7/1/16 to 6/30/17			783,590	(823,947)			(40,357)			* 823,947
				(1,564,458)		14,582,819	(14,583,812)			(1,565,451)		(1,313,956)	14,583,812
Special Revenue Fund:													
Preschool Education Aid	16-495-034-5120-086	69,300	7/1/15 to 6/30/16	(6,930)		6,930							
Preschool Education Aid	17-495-034-5120-086	69,300	7/1/16 to 6/30/17			62,370	(69,300)			(6,930)		(6,930)	* 69,300
Teacher Quality Mentoring	08-495-034-5120-052	3,033	7/1/07 to 6/30/08		902				(902)				
				(6,930)	902	69,300	(69,300)		(902)	(6,930)		(6,930)	69,300
Debt Service Fund:													
Debt Service Aid Type II	16-495-034-5120-017	269,640	7/1/15 to 6/30/16										
Debt Service Aid Type II	17-495-034-5120-017	260,866	7/1/16 to 6/30/17			260,866	(260,866)						* 260,866
Capital Projects Fund:													
NJSDA Grant - Olivet	4150-060-09-1001-GO2 PEC	2,013,670	7/1/09 to Closing	(520,621)		397,050		123,571					* 1,593,129
NJSDA Grant - Middle School	4150-060-09-1002-GO2 PEC	125,983	7/1/09 to Closing	(48,659)		53,428		(4,769)					* 107,404
				(569,280)		450,478		118,802					1,700,533
State Department of Agriculture:													
Enterprise Fund													
National School Lunch Program (State Share)	16-100-010-3350-023	6,786	7/1/15 to 6/30/16	(1,147)		1,147							
National School Lunch Program (State Share)	17-100-010-3350-023	6,417	7/1/16 to 6/30/17			6,143	(6,417)			(274)			* 6,417
				(1,147)		7,290	(6,417)			(274)			6,417
Total State Financial Assistance Subject to OMB 15-08				\$ (2,141,815)	\$ 902	\$ 15,370,753	\$ (14,920,395)	\$ 118,802	\$ (902)	\$ (1,572,655)	\$	\$ (1,320,886)	\$ 16,360,062
State Financial Assistance Not Subject to OMB 15-08													
On-Behalf TPAF Pension Contribution	17-495-034-5094-002	1,251,379	7/1/16 to 6/30/17			\$ 1,251,379	\$ (1,251,379)						
On-Behalf TPAF Post Retirement Medical	17-495-034-5094-001	1,042,684	7/1/16 to 6/30/17			1,042,684	(1,042,684)						
On-behalf TPAF Long-term Disability Contrib.	17-495-034-5094-004	2,314	7/1/16 to 6/30/17			2,314	(2,314)						
Total State Financial Assistance						\$ 17,667,130	\$ (17,216,772)						

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

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$11,051 for the general fund and \$6,520 for the special revenue fund. See Note A (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 26,476	\$ 16,891,240	\$ 16,917,716
Special Revenue Fund	788,485	69,300	857,785
Debt Service		260,866	260,866
Food Service Fund	<u>373,633</u>	<u>6,517</u>	<u>380,150</u>
Total Awards & Financial Assistance	\$ <u>1,188,594</u>	\$ <u>17,227,923</u>	\$ <u>18,416,517</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

Township of Pittsgrove School District had no outstanding loans at June 30, 2017.

NOTE 6: OTHER

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

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

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

NOTE 8: MAJOR PROGRAMS

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

NOTE 9: ADJUSTMENTS

One adjustment of \$121 was included on Schedule A of Federal Awards and one adjustment of \$902 was included on Schedule B of State Financial Assistance.

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.027	H027A160100	IDEA Part B Basic
84.173	H173A160114	IDEA Part B Preschool

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

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

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

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

State Awards

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

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
17-495-034-5120-078	Equalization Aid
17-495-034-5120-089	Special Education Categorical Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-068	School Choice Aid
17-495-034-5120-085	Adjustment Aid
17-495-034-5120-014	Transportation Aid
17-495-034-5120-085	Additional Adjustment Aid
17-495-034-5120-101	Professional Learning Community Aid

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

Section II - Financial Statement Findings

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

Finding: No matters were reported.

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management Response:

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

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

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

FEDERAL AWARDS - N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS - N/A

Finding:

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

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

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

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.