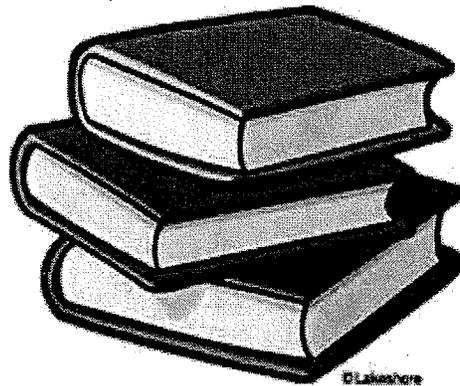


REVISED
2/26/19

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**PENNS GROVE-CARNEYS POINT
REGIONAL
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Penns Grove-Carneys Point Regional Board of Education
Penns Grove, New Jersey**

For the Fiscal Year Ended June 30, 2018

Prepared by
Penns Grove-Carneys Point Board of Education
Finance Department

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OF THE PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
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INTRODUCTORY SECTION

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT

Administration Building

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January 23, 2019

Honorable President and Members
of the Board of Education
Penns Grove-Carneys Point Regional School District
County of Salem
Penns Grove, N.J. 08069-2057

Dear Board Members:

The comprehensive annual financial report of the Penns Grove-Carneys Point Regional School District (District) for the fiscal year ended June 30, 2018, 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 New Jersey State Treasury Circular OMB 15-08, "Single Audit Policy for Recipients of Federal Awards, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Penns Grove-Carneys Point Regional School District is an independent reporting entity within the criteria adopted by the GASB Statement No. 14. All funds of the District are included in this report. The Penns Grove-Carneys Point Regional School District Board of Education and all its schools constitute the District's reporting entity.

We are an Equal Opportunity Employer - F/M

General

The School District, serving Penns Grove and Carneys Point, was formed pursuant to Chapter 13 of Title 18A of New Jersey Statutes, which authorizes two or more municipalities to create a regional school district upon the approval of the voters of each of said municipalities. The School District is one of "all purpose" in that it was organized for all of the school purposes of the municipalities included within such regional districts.

The School District is geographically conterminous with Penns Grove and Carneys Point, which are located in Salem County in the southwestern part of the State, approximately 10 miles from Wilmington and 30 miles from Philadelphia.

Facilities

The School District operates five schools: Lafayette-Pershing Schools (Pre-school through Kindergarten), Field Street School (Grades 1 through 3), Paul W. Carleton (Grades 4 through 5), Penns Grove Middle School (Grades 6 through 8), Penns Grove High School (Grades 9 through 12), and an administrative office building.

Staff

The facility for the School District consists of a superintendent, a business administrator, four directors, five principals, three assistant principals and a staff of 225 full-time teachers/professional positions serving a total enrollment of 2,057 students, as of October 14, 2017. The School District has had full academic accreditation. The business of the School District by the Board, consisting of nine members: five members from the Township of Carneys Point, the more populace of the constituent municipalities, and four members from the Borough of Penns Grove.

In addition to the teaching/professional staff, the School District employs 47 instructional and non-instructional aides, 29 cafeteria workers, 20 full-time secretaries, 30 maintenance/custodial staff, and technology staff.

The following details the changes in 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>
2017-18	2,057	(4.77)%
2016-17	2,160	(2.33)%
2015-16	2,212	(3.36)%
2014-15	2,289	(2.26)%
2013-14	2,342	1.17%
2012-13	2,315	(3.02)%
2011-12	2,387	0.63%
2010-11	2,372	(2.63)%
2009-10	2,436	(1.18)%
2008-09	2,465	(0.52)%
2007-08	2,478	5.31%

2. ECONOMIC CONDITION AND OUTLOOK:

Within the District are several large industries which provide tax ratable and jobs to the municipalities. Construction of new housing is expected to result in a slightly increased tax base and School District enrollment.

3. MAJOR INITIATIVES/CURRICULA INITIATIVES:

1a. District Statement of Priorities

- **Maintaining Our School System**

Penns Grove-Carneys Point Regional School District is in the process to enhancing the technology infrastructure to improve the wireless connectivity. This should provide the ability to establish better internet connections with the purpose of expanding the on-line offerings to our students. We will be evaluating our curricular offerings and instructional program by performing a curricular audit in order to better align with the student's needs, assessment requirements and college and career preparation.

- **Raising Standards and Expanding Opportunities**

The acquisition of new programs/resources in the subject areas of English Language Arts, Mathematics, and Science that will be aligned with the 21st Century requirements. Newly acquired programs/resources will continue to incorporate cloud based applications, digital devices, web based textbooks, and libraries. Our Balanced Literacy Program scaffolds learning in reading, phonics, fluency, and vocabulary to access complex information in literacy text while incorporating the writing skills necessary to be successful writers across all content areas. Mathematics incorporates conceptual understanding and procedural fluency with active and personalized instructional lessons using a combination of application activities through small group instruction and web based independent tasks. Web based lessons are used to personalize instruction to address the needs of each learner at their proficiency level. Assessments are built in every level to provide strategic teaching interventions for students below level, at- level and above level. A student-learning plan is developed based on the data obtained from formative and summative assessments.

The Penns Grove High School actively works with the NJDOE RAC team in the school-wide strategies to improve the graduation rate through the School Improvement Plan (SIP). Strategies to increase graduation rate continue to be implemented a variety of resources that include Option II for struggling and advanced students to work in blended learning environments and earning dual credits. Increased offerings in Enrichment Courses have been implemented to expose and expand learning opportunities for College and Careers. With the goal to increase the graduation rate in consultation with the RAC, lab courses are provided for targeted instructional support to students who are two or more grade levels behind in literacy and math with web-based instructional materials to support individualized learning. The teachers have revised and implemented curricula aligned with CCSS in ELA and math with assessments taking place on a 6-8 week cycle resulting in data used to inform instruction. Pearson's My Foundations Lab with Accuplacer has been implemented in the 9-11 English Language Arts and Mathematics Targeted Assistance Classrooms to remediate skill deficiencies. The Penns Grove High School has been facilitating activities to engage the school and community to improve the school climate and the culture.

With the continued support of the Transition Project and the addition of School Based Youth Services, the high school has implemented strategies for students who are at risk of dropping out of school by providing students and families with emotional, behavioral, social, and academic environmental supports.

- Building Professionalism

The leadership team of teachers and administrators continues to receive sustained and ongoing trainings as the continued use of the requirements through Achieve NJ are taking place to ensure fidelity. The leadership team revises evidence documents on a yearly basis to ensure that initiatives for growth of our staff are reflected through the evaluation process. Standards Solutions will provide continued growth and development of English Language Arts requirements as indicated in the Common Core States Standards. The use of Learning Focus strategies will enhance the delivery of instruction. PD360 provides professional development strategies for growth and development of instructional practices, classroom management, and staff collaboration through virtual professional development learning communities. The district continues to provide coaching and mentoring trainings using services from EIRC, Rowan University, Rutgers University, or Salem Community College.

- Protecting Our Investment (Capital & Maintenance Projects/Capital Reserve)

Through the approval of Regular Operating District (ROD) Grants, the Board of Education continues to address the needs of the facilities and transferring funds into the capital reserve funds. We are currently in the second phase of the approved referendum by the communities of Penns Grove and Carneys Point to make our buildings more cost-efficient and energy saving.

- Planning for the Future

Continue to support and expand the Academy of Engineering and Technologies Program in the high school to reflect the input of the Task Force and the Advisory Committee representing parents, staff, students, industry, and colleges. Maintain a review board to revise the Academy's curriculum.

Continue the district's Strategic Planning to develop a three-year plan of district and building level articulation in the areas of Math and Science to reflect the revised NJCCCS. To support the ongoing communication and collaboration on the Common Core Content Standards, OnCourse Curriculum Builder Platform is used to develop, update and revise the K-12 curricular guides. OnCourse SGO Program will provide increased alignment of assessments to curricular goals for benchmarking student progress.

2. Core Curriculum Content Standards

Briefly describe new programs or enhancements to existing programs that will ensure the implementation of the New Jersey Student Learning Standards in the 2017-2018 school year.

Content Standards

New Programs/Enhancements

1. Math

Use of Measures of Academic Progress (MAP) to benchmark students' progress in classrooms to personalize instruction. Integration of 21st Century Learning with "Cloud Based Applications" has been enhanced for student collaboration and formative assessments. The Creative Curriculum has been implemented in Pre-Kindergarten and Kindergarten classrooms to provide authentic learning tasks as part of the NJGROW and NJKEA Early Childhood Initiative from the NJDOE. IXL web-based program has been added to Grades K-5 for digital learning applications with Grades 1-5 continuing to use Pearson's Envisions Math program support the integration of the New Jersey Student Learning Standards in Mathematics. Unit Assessments continue to be revised to include Type 1, 2, and 3 assessments prompts as indicated in the PARCC Performance Level Indicators and released test items. Pearson's Digits Math Program is utilized for grades 6-8. Digits is now using the Realize Platform to allow students access to the program on all electronic devices including smartphones, ipads, laptops and desktop computers. Honors Algebra 1 has replaced the traditional Honors 8th grade math course. A collaboration with Salem Community College is underway to establish a dual credit course, Contemporary Math as a 4th math options for those not taking Calculus. Honors Algebra II Trig will continue a course offering. Use of Pearson Digits remediation lessons for progress monitoring in Grades 6-8 for students who are below grade level. ALEKS has been integrated for grades 9-11 to remediate skill deficiencies or enrich learning. Participate in a grant with Rowan University to improve the delivery of math instruction and use of best math practices.

2. Science

Use of Measures of Academic Progress (MAP) to benchmark students' progress in classrooms to personalize instruction. Began to unpack Next Generation Science Standards (NGSS) in Grades K-8 and the high school to create new curriculum units of study. *Lab Aids Science Program* in grades 6-8 and Biology has been adopted to enhance current project-based learning, and to increase cross-curricular articulation and a student-centered approach of instruction. There exists an implementation of Interdisciplinary Units of study in Grades K-5 to provide an inquiry and literacy approach to science while increasing articulation between Language Arts and Social Studies. Implementation of procedures for textbook adoption in Grades K-8. Revised unit assessments in Grades 9-11 to align with the curricular goals. The addition of an Environmental Science course to provide more diversity in high school science offerings. Implementation of the Agricultural Engineering Science Program.

3. Language Arts Literacy

Use of Measures of Academic Progress (MAP) to benchmark students' progress in classrooms to personalize instruction. Creative Curriculum has been implemented in Pre-Kindergarten and Kindergarten classrooms to provide authentic learning tasks as part of the NJGROW and NJKEA Early Childhood Initiative from the NJDOE. The Zaner Bloser handwriting program in grades 1-3 is being fully implemented in grades K-3 this year. The Zaner Bloser, Reading Horizons is being implemented in grades pk-3. Integration of 21st Century learning with "Cloud Based Applications" has been enhanced for student collaboration and formative assessments. Curriculum, units of study and common unit assessments have been created for grades K-12. Staff will continue to receive professional development in creating Research Simulation Task, Literary Analysis, and Pros Constructed Responses from Standards Solutions.

The Lexia Learning program has been expanded to grades 1-6 to eliminate gaps in literacy skills. Reading records are used to assess reading progress in grades K-5. The Targeted Assistance Program provides course time in addition to the general education course in grades 6-12 to target skill deficiencies. Learn Beyond has been implemented in the Targeted Assistance Labs for grades 9-11 to remediate skill deficiencies. PARCC ELA classes have been added for students who are unable to score proficient on the PARCC. AP Literature and Language course have been added to provide more opportunities for college and career readiness.

4. Social Studies

Curriculum revisions are taking place to align with the NJSLs for Social Studies including the skills table to reflect the expectations of the New Jersey Student Learning Standards for English Language Arts & Literacy in History/Social Studies, Science and Technical Subjects. Common assessments including project-based learning projects are being added/updated within the curriculum. Common grading is being implemented amongst social studies classes. Textbooks were purchased for US History. Students are being required to independently read an informational text in social studies classes. AP Programs will continue to be revised to align with the new requirement of College Board.

5. 21st Century Life and Careers

Honors course in English Language Arts and Mathematics along with a College & Careers have been added to the middle school course offerings. The AP program has expanded to include AP Language and Composition. The Agricultural Science Program is aligned to the NJSLs for Biology and offers students an additional pathway to fulfill credits in Biology.

6. Visual and Performing Arts

The Concert band, Jazz Band, and Choir has continues to expand. The Theatre Arts program has been revised to include Playwriting, Introduction to Theatre Arts, Theater Literature History and Culture, and Acting. District-wide curriculum and benchmark assessments have been created with the use of the NJDOE 21 Century Application Documents and Achieve the Core resources to prepare students for 21st Century College and Career Readiness.

7. Comprehensive Health and Physical Education

With the success of the Food and Nutrition Grant from Rutgers University, elementary schools continue to be provided with the opportunity to sample fruits and vegetables under the supervision of the classroom teacher. Health and Physical Education Teachers along with Nurses and Coaches have been trained in the use of External Defibrillators under the requirements of "Janet's Law." Curriculum, units of study, and benchmark assessments have been implemented in alignment with the NJCCCS along with use of Model Curriculum Student Learning Objectives. Elementary Gymnasiums are implementing the use of technology to expand the fitness program to include yoga and other technology supported fitness activities.

8. World Languages

District-wide articulation and coordination goals continue to be implemented to enhance curricular goals. District curricula has been updated with Units of Study, common assessments including project-based learning assessments, common grading, and a HS Spanish pre-assessment to be administered in 8th grade. French II has been added to the course offerings. Bit Dein! II textbooks were purchased for French II. New resources are currently being researched for elementary grades and Spanish 2, 3, and 4 and will be used for the upcoming school year.

9. Technological Literacy

On-line Hybrid courses and blended learning environments have been developed in the Language Arts and Math classrooms through Learn Beyond. Enrichment classrooms will be using blended learning programs to expand course offerings through Spark Education. District wide initiatives have been put in place for seamless integration of technology applications in each content area that align with the requirements of the NJSLS 8.1 and 8.2. The District has purchased Chromebook Carts, created a Google Domain, and will continue to add more devices as a tool to enhance Technological Literacy. The use of "Cloud-Based Applications" has been upgraded to allow for collaborative learning activities and formative assessment tasks. On-line benchmark assessments are used that model statewide and nationwide standardized assessments.

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, 2018.

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. GENERAL FUND BALANCE:

General Fund Balance (budgetary basis) of \$3,993,991 as of June 30, 2018, represents a 10.5% decrease from June 30, 2017. Of the \$3,993,991, \$760,732 represents the unassigned portion of the District's fund balance and \$1,651,547 has been appropriated for the 2018/2019 school budget in order to maintain a stable tax levy. The remaining is \$1,581,712, which includes excess surplus and other restricted fund balance, represents 39.6% of the June 30, 2018 fund balance. General Fund Budget expenditures totaled \$39,423,982.

10. OTHER INFORMATION:

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

11. ACKNOWLEDGMENTS:

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

Respectfully submitted,

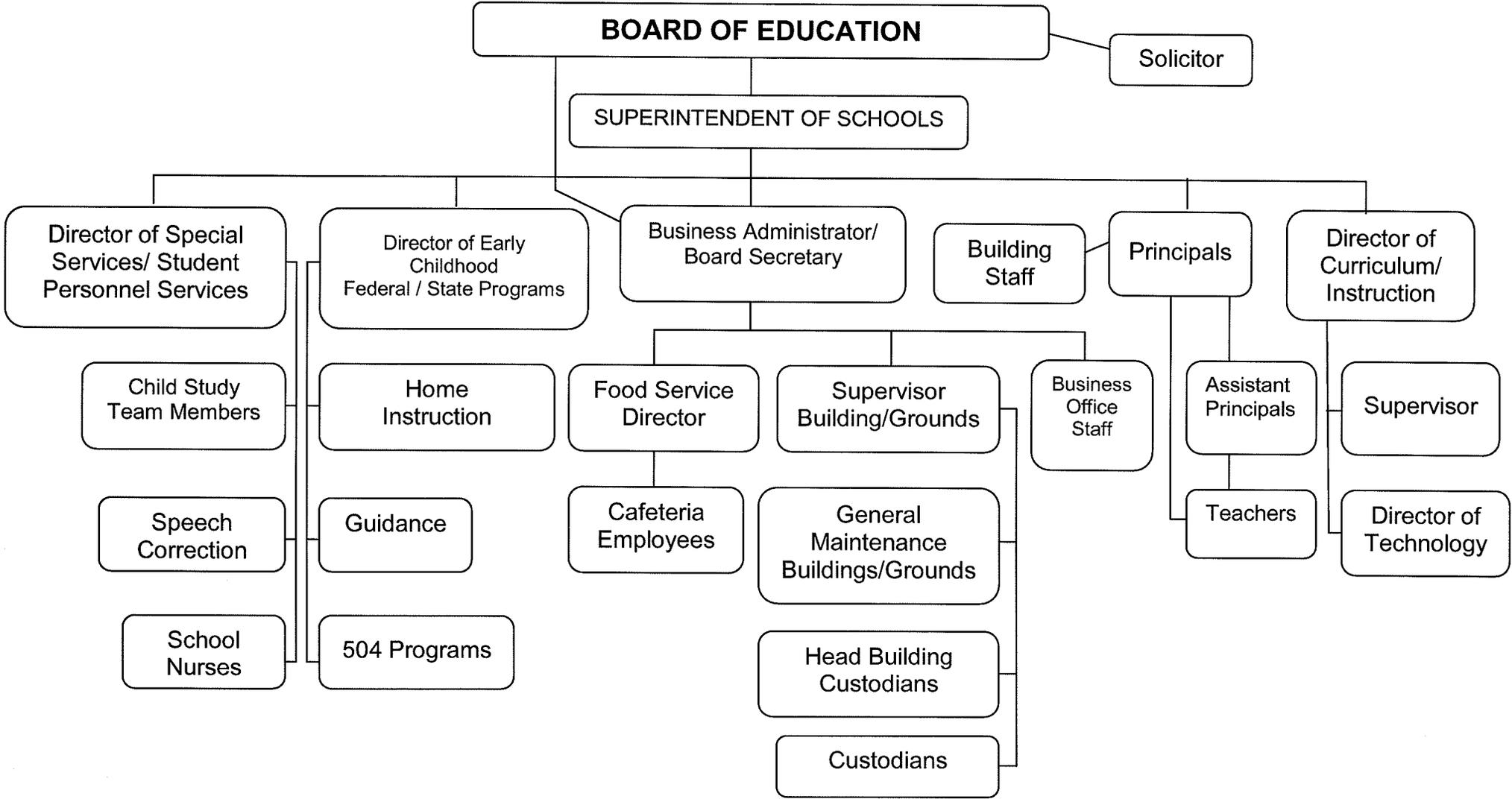
Dr. Zenaida Cobian

Dr. Zenaida Cobian
Superintendent of Schools

Kenneth Verrill

Kenneth Verrill
School Business Administrator/
Board Secretary

Penns Grove – Carneys Point Regional School District



PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Board Members Name</u>	<u>Position</u>	<u>Term Expires</u>
Vicki Smith	President	2019
Fred Tomarchio	Vice President	2018
Jeanette Harbeson	Board Member	2018
John Ashcraft	Board Member	2020
Stephan Jones	Board Member	2019
Ginger Sackes	Board Member	2018
Irene Scarpaci	Board Member	2019
Marcia Smith	Board Member	2018
Teresa Walker	Board Member	2020
		<u>Amount of Bond</u>
<u>Other Officials</u>		
Dr. Zenaida Cobian	Superintendent	
Brian E. Ferguson	Business Administrator/ Board Secretary	\$ 275,000
Mark G. Toscano, Esq.	Solicitor	

PENNS GROVE-CARNEYSPOINT REGIONAL BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

ARCHITECT

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14000F Commerce Parkway
Mount Laurel, NJ 08054

AUDIT FIRM

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Nightlinger, Colavita and Volpa, PA
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Williamstown, NJ 08094

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Morrestown, NJ 08057

BOND COUNSEL

McManimon & Scotland and Baumann, LLC
One Riverfront Plaza, 4th Floor
Newark, NJ 07102

FISCAL AGENT

Depository Trust
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55 Water Street
New York, NY 10041

OFFICIAL DEPOSITORIES

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PO Box 345
Pennsville, NJ 08070

Fulton Bank of New Jersey
221 Shell Road
Carneys Point, NJ 08069

FINANCIAL ADVISORS

Phoenix Advisors, LLC
4 West Park Street
Bordentown, NJ 08505

FINANCIAL SECTION

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A Professional Association

Certified Public Accountants

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Williamstown, NJ 08094

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INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Penn Grove-Carneys Point Regional 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 Penn Grove-Carneys Point Regional School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Penn Grove-Carneys Point Regional 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 Penn Grove-Carneys Point Regional Board of Education in the County of Salem, State of New Jersey, as of June 30, 2018, 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 Penn Grove- Carneys Point regional 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 January 23, 2019 on our consideration of the Penn Grove-Carneys Point Regional 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 effectiveness of the Penn Grove-Carneys Point Board of Education's of 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 Penn Grove-Carneys Point Regional 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
January 23, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**PENNS GROVE-CARNEYS REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

As management of the Penns Grove-Carneys Point Regional School District, we offer readers of the Penns Grove-Carneys Point Regional School District's financial statements this narrative overview and analysis of the financial activities of the Penns Grove-Carneys Point Regional School District for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to review the Penns Grove-Carneys Point Regional School District's financial performance as a whole. Readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Penns Grove-Carneys Point Regional School District's financial performance.

Financial Highlights

- The assets of the Penns Grove-Carneys Point Regional School District exceeded its liabilities at the close of the most recent fiscal year by \$16,317,169 (net position).
- The School District's total net position increased by \$7,021,722. This increase is primarily attributable to a large decrease in liabilities, primarily accounts payable.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$2,152,680, an increase of \$3,243,286 in comparison with the prior year, mostly attributable to the expenditure of capital projects and the use of surplus. The net increase in the Capital Project Fund was \$3,701,820, resulting in a balance of \$295,365, as of June 30, 2018 for future capital project expenditures. The Debt Service Fund has no fund balance at June 30, 2018.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was a deficit of \$1,308,142, which is an increase in the deficit of \$68,121 from that of the prior fiscal year. The decrease is due to several factors and considered positive.
- The District's total bonded debt decreased by \$935,000 as a result of the budgeted debt principal payment.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Penns Grove-Carneys Point Regional School District's basic financial statements. The School District's basic financial statements comprise three components:

- (1) District-wide financial statements
- (2) Fund financial statements
- (3) Notes to the basic financial statements themselves

District-wide financial statements – These financial statements are designed to provide readers with a broad overview of School District's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Penns Grove-Carneys Point Regional School District's assets and liabilities, with the difference between the two reported as net position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Penns Grove-Carneys Point Regional School District is improving or deteriorating.

The statement of activities presents information illustrating Penns Grove-Carneys Point Regional School District's net position change during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick leave).

Both of the district-wide financial statements distinguish functions of the Penns Grove-Carneys Point Regional School District that are principally supported by taxes and intergovernmental revenues (governmental activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Penns Grove-Carneys Point Regional School District include the education of students in grades K-12 at the Penns Grove-Carneys Point Regional School District's five schools. The business-type activities of the Penns Grove-Carneys Point Regional School District include a Food Service Program and an Academy Program.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Penns Grove-Carneys Point Regional School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Penns Grove-Carneys Point Regional School district can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Most of the Penns Grove-Carneys Point Regional 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 periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can be readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Penns Grove-Carneys Point Regional 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 Penns Grove-Carneys Point Regional School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund. 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.

Also, the Penns Grove-Carneys Point Regional School District adopts an annual budget for its general fund and special revenue fund. Budgetary comparison schedules have been provided for both to demonstrate compliance with the budgets.

Proprietary Funds – The Penns Grove-Carneys Point Regional School District maintains two different types of proprietary funds. Enterprise funds, which are a proprietary fund type used to report an activity for which a fee is charged to external users for goods or services, are used to report the same functions presented as business-type activities in the district-wide financial statements. The Penns Grove-Carneys Point Regional School District uses enterprise funds to account for its food service program and its academy program. Proprietary funds provide the same type of information as district-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service program and the academy program.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the Penns Grove-Carneys Point Regional School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the District-wide financial statements.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Penns Grove-Carneys Point Regional School District, Governmental Activity assets exceeded liabilities by \$15,459,120 at the close of the most recent fiscal year.

The largest portion of the Penns Grove-Carneys Point Regional School District's net position reflects its investment in capital assets (i.e., land, buildings, and equipment) less any related debt used to acquire those assets to provide educational services to students; consequently, these assets are not available for future spending. Although the Penns Grove-Carneys Point Regional School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Penns Grove-Carneys Point Regional School District's net position represents resources that are subject to external restrictions on how they may be used.

There was an increase of \$182,055 in overall net position for the Penns Grove-Carneys Point Regional School District's business-type activities. This increase was due to increases in Food Service Fund of \$46,117 and Academy Fund of \$135,938.

There was an increase of \$6,839,667 in overall net position for the Penns Grove-Carneys Point Regional School District's governmental activities. The increase is due to many contributing factors.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets \$	11,552,132	\$ 5,156,937	\$ 770,688	\$ 601,845	\$ 12,322,820	\$ 5,758,782
Capital Assets	34,623,315	31,518,192	165,552	156,084	34,788,867	31,674,276
Total Assets	46,175,447	36,675,129	936,240	757,929	47,111,687	37,433,058
Deferred Outflows of Resources	4,335,194	5,530,673			4,335,194	5,530,673
Long-Term Liabilities						
Outstanding	8,135,603	9,137,587	5,815	71,425	8,141,418	9,209,012
Other Liabilities	23,922,141	24,328,517	72,376	10,510	23,994,517	24,339,027
Total Liabilities	32,057,744	33,466,104	78,191	81,935	32,135,935	33,548,039
Deferred Inflows of Resources	2,993,777	120,245			2,993,777	120,245
Invested in Capital Assets, Net of Related Debt	27,448,315	23,408,192	165,552	156,084	27,613,867	23,564,276
Restricted	2,766,199	(296,966)			2,766,199	(296,966)
Unrestricted (Deficit)	(14,755,394)	(14,491,773)	692,497	519,910	(14,062,897)	(13,971,863)
Total Net Position	\$ 15,459,120	\$ 8,619,453	\$ 858,049	\$ 675,994	\$ 16,317,169	\$ 9,295,447

Governmental Activities – With regard to the increase in the Penns Grove-Carneys Point Regional School District’s net position from Governmental activities, the key elements of the changes are as follows:

Property taxes decreased by \$2,379,314 during the year. This 11.1% decrease represents the overall increase in costs without sufficient offsetting revenue.

General Revenues increased by \$7,012,023 during the year. The increase was the result of additional state and federal aid.

The overall \$1,498,603 increase in expenses was attributable to various increases in expenses, the largest of which was in unallocated benefits.

Business-type Activities – Business-type activities increased the Penns Grove-Carneys Point Regional School District’s net position by \$182,055, as a result of operations.

Financial Analysis of the Government’s Funds

As stated earlier, the Penns Grove-Carneys Point Regional School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund – The focus of the Penns Grove-Carneys Point Regional School District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Penns Grove-Carneys Point Regional School District’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

Governmental Fund (Cont'd)

As of the current fiscal year, the Penns Grove-Carneys Point Regional School District's Fund Balance (budgetary basis) as of June 30, 2018 was \$3,993,991, a decrease of \$466,501 from June 2017.

Of the \$3,993,991, \$510,876 has been assigned and appropriated in the 2018-19 school budget in order to maintain a stable tax levy; \$1,178,269 is restricted as Excess surplus, of which \$439,122 has been appropriated for the 2018-19 school budget; \$251,549 has been assigned for encumbrances, \$1,273,688 is restricted for capital reserve, of which \$450,000 has been assigned and appropriated in the 2018-19 school budget; \$18,877 is restricted as maintenance reserve and \$760,732 is unrestricted and unassigned.

The special revenue fund has a deficit at the end of the current fiscal year in the amount of \$67,802. The deficit was a result of the following: N.J.S.A. 18A:22-44.2 providing that in the event one or more June state school aid payments is not made until the following school budget year, districts must record the one or more June state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for Penns Grove-Carneys Point Regional 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 symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the one or more June state aid payments in the subsequent fiscal year, the Penns Grove-Carneys Point Regional School District cannot recognize the one or more state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the one or more June state aid payments, the fund balance deficit does not alone indicate that the district is facing financial difficulties.

The capital projects fund had a budget basis unexpended balance of \$295,365 at the end of the current year ending June 30, 2018, of which \$0 represents the unearned portion of NJSDA grant approvals. There were 11 NJSDA grants approved during the 2014-15 school year to support various building renovations throughout the District.

Proprietary Funds – The Penns Grove-Carneys Point Regional School District's proprietary funds provide the same type of information found in the district-wide financial statements, but in more detail.

Unrestricted net position consisted of the following: a positive balance of \$528,307 in the food service program, and a \$164,190 balance for the academy program. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Penns Grove-Carneys Point Regional School District's business-type activities. There was also a balance representing Investment in Capital Assets of \$160,528 in the Food Service Fund and \$5,024 in the Academy Program.

General Fund Budgetary Highlights

During the course of the 2018 fiscal year, the Penns Grove-Carneys Point Regional School District modified its general fund budget numerous times. The net change in the total budget modification primarily resulted from the rollover of the prior year's encumbrances in the amount of \$452,761 and \$196,119 in other increases.

The final budgetary basis revenue estimate was \$33,621,399 which was \$5 less than the original budgeted estimate.

General Fund Budgetary Highlights (Cont'd)

During fiscal year 2018, the Penns Grove-Carneys Point Regional School District budgeted \$11,015,318 for property taxes (local tax levy) and \$21,759,856 for state aid revenues. The Penns Grove-Carneys Point Regional School District also received \$1,118,357 in reimbursed T.P.A.F. Social Security Aid, \$1,455,749 in Post-Retirement Medical Benefits, \$2,253,904 in T.P.A.F. Pension Contributions and \$2,763 in Long-Term Disability.

The final budgetary basis expenditure appropriation estimate was \$35,922,275, which included \$452,761 in prior year encumbrances. The Penns Grove-Carneys Point Regional School Districts expenditures also include the reimbursed T.P.A.F. Social Security Aid, Post-Retirement Medical Benefits, Long-term Disability and T.P.A.F. Pensions Contributions totaling \$4,830,773.

Capital Assets and Debt Administration

Capital Assets – The Penns Grove-Carneys Point Regional School District’s investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$34,788,867 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, and equipment.

At the end of fiscal year 2018, the Penns Grove-Carneys Point Regional had \$53,515,949 invested in land, construction in progress, land improvements, buildings and improvements, and equipment, less accumulated depreciation totaling \$18,727,082 for net capital assets of \$34,788,867.

Various major capital asset events during the fiscal year funded through both the General Fund and Capital Projects Funds and construction in progress related to the various upgrades throughout the District paid through the Capital Projects Fund. Additional information on the Penns Grove-Carneys Point Regional School District’s capital assets can be found in Note 6 to the Financial Statements.

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT'S NET POSITION
(NET OF ACCUMULATED DEPRECIATION)**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,280,600	\$ 1,280,600	\$	\$	\$ 1,280,600	\$ 1,280,600
Work in Progress	14,620,572	14,620,572			14,620,572	14,620,572
Land Improvements	127,599	130,440			127,599	130,440
Building Improvements	18,466,586	15,193,729			18,466,586	15,193,729
Equipment	127,958	292,851	165,552	156,084	293,510	448,935
Total	\$ 34,623,315	\$ 31,518,192	\$ 165,552	\$ 156,084	\$ 34,788,867	\$ 31,674,276

Long-term Debt – At the end of the current fiscal year, the Penns Grove-Carneys Point Regional School District had total bonded debt outstanding of \$7,175,000. The entire Penns Grove-Carneys Point Regional School District’s bonded debt is governmental as opposed to business-type. The 2018 adopted budget has an appropriation of \$1,155,025, representing the payment of the annual principal and interest. The bonds mature on March 1, 2035. See Note 7 to the Financial Statements for more detail.

Economic Factors and Next Year's Budget

For the 2017-18 school year, the Penns Grove-Carneys Point Regional School District was able to sustain its budget through the municipal tax levy, federal aid, state aid and miscellaneous revenue sources. Approximately 36% of total revenue is from local tax levy and 63% of the School District's revenue is from federal, state, and local aid (restricted and not restricted). One of the most important factors affecting the Penns Grove-Carneys Point Regional School District's budget is its enrollment. The 2018-19 budget was adopted March 2018 based in part on the state education aid the School District anticipated receiving. This aid was based on the States projected enrollment for the District on October 15, 2017. The Penns Grove-Carneys Point Regional School District anticipates a slight decrease in enrollment for the 2018-19 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Penns Grove-Carneys Point Regional School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Brian E. Ferguson, School Business Administrator/Board Secretary at the School Administration Building, 100 Iona Avenue, Penns Grove, New Jersey 08069, or email kverill@pgcpschools.org

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.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ (546,456)	\$ 620,029	\$ 73,573
Receivables, Net	12,098,588	123,990	12,222,578
Inventory		26,669	26,669
Restricted Assets:			
Capital Assets, Net (Note 6)	34,623,315	165,552	34,788,867
Total Assets	<u>46,175,447</u>	<u>936,240</u>	<u>47,111,687</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflow	4,294,774		4,294,774
Deferred Loss on Refunding of Bonds	40,420		40,420
	<u>4,335,194</u>		<u>4,335,194</u>
LIABILITIES			
Accounts Payable	829,769	50,387	880,156
Accrued Interest	67,108		67,108
Unearned Revenue	8,313	21,989	30,302
Grant Note Payable	8,500,000		8,500,000
Premium on Grant Note	61,370		61,370
Net Pension Liability	14,455,581		14,455,581
Noncurrent Liabilities (Note 7):			
Due Within One Year	1,079,749	1,045	1,080,794
Due Beyond One Year	7,055,854	4,770	7,060,624
Total Liabilities	<u>32,057,744</u>	<u>78,191</u>	<u>32,135,935</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflow	2,993,777		2,993,777
NET POSITION			
Invested in Capital Assets, Net of Related Debt	27,448,315	165,552	27,613,867
Restricted for:			
Capital Reserve	1,273,688		1,273,688
Capital Projects	295,365		295,365
Excess Surplus	1,178,269		1,178,269
Other Purposes	18,877		18,877
Unrestricted (Deficit)	(14,755,394)	692,497	(14,062,897)
Total Net Position	<u>\$ 15,459,120</u>	<u>\$ 858,049</u>	<u>\$ 16,317,169</u>

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Governmental Activities:					
Instruction:					
Regular	\$ 11,079,309	\$ 619,403	\$ 1,775,653	\$ (8,684,253)	\$ (8,684,253)
Special Education	3,791,463			(3,791,463)	(3,791,463)
Other Special Instruction	937,894			(937,894)	(937,894)
Other Instruction	421,608			(421,608)	(421,608)
Support Services:					
Tuition	2,431,705			(2,431,705)	(2,431,705)
Student & Instruction Related Services	3,141,671		438,105	(2,703,566)	(2,703,566)
General Administrative Services	991,215			(991,215)	(991,215)
School Administrative Services	1,513,250			(1,513,250)	(1,513,250)
Other Administrative Services	897,723			(897,723)	(897,723)
Plant Operations and Maintenance	3,370,141			(3,370,141)	(3,370,141)
Pupil Transportation	2,064,094			(2,064,094)	(2,064,094)
Unallocated Benefits	21,547,787		2,947,994	(18,599,793)	(18,599,793)
Interest on Long-Term Debt	286,142		383,638	97,496	97,496
Total Governmental Activities	52,474,002	619,403	5,545,390	(46,309,209)	(46,309,209)
Business-Type Activities:					
Food Service	1,229,307	229,551	1,045,794		46,038
Academy Program	149,904	285,842			135,938
Internal Service Fund	8,900	8,900			
Total Business-Type Activities	1,388,111	524,293	1,045,794		181,976
Total Primary Government	\$ 53,862,113	\$ 1,143,696	\$ 6,591,184	(46,309,209)	181,976
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net				18,299,088	18,299,088
Taxes Levied for Debt Service				771,387	771,387
Federal and State Aid Not Restricted				33,658,419	33,658,419
Investment Earnings				7,650	79
Miscellaneous Income				412,332	412,332
Total General Revenues, Special Items, Extraordinary Items and Transfers				53,148,876	79
Change in Net Position				6,839,667	182,055
Net Position — Beginning of Year				8,619,453	675,994
Net Position — End of Year				\$ 15,459,120	\$ 858,049
					\$ 16,317,169

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<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>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 37,226	\$	\$ 16,437	\$	\$ 53,663
Interfund Accounts Receivable	1,740,405				1,740,405
State Aid Receivable	378,666		10,671,805		11,050,471
Federal Aid Receivable	626	383,979			384,605
Receivables From Other Governments	663,512				663,512
Total Assets	<u>\$ 2,820,435</u>	<u>\$ 383,979</u>	<u>\$ 10,688,242</u>	<u>\$</u>	<u>\$ 13,892,656</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 290,716	\$ 165,576	\$ 373,477	\$	\$ 829,769
Grant Loan Payable			8,500,000		8,500,000
Premium on Grant Loan			61,370		61,370
Interfund Accounts Payable	600,119	282,375	1,458,030		2,340,524
Unearned Revenue	4,483	3,830			8,313
Total Liabilities	<u>895,318</u>	<u>451,781</u>	<u>10,392,877</u>		<u>11,739,976</u>
Fund Balances:					
Restricted:					
Capital Reserve	823,688				823,688
Maintenance Reserve	18,877				18,877
Excess Surplus	739,147				739,147
Capital Projects Fund			295,365		295,365
Assigned:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures	450,000				450,000
Excess Surplus:					
Designated for Subsequent Year's Expenditures	439,122				439,122
Year-End Encumbrances	251,549				251,549
Designated for Subsequent Year's Expenditures	510,876				510,876
Unassigned (Deficit)	<u>(1,308,142)</u>	<u>(67,802)</u>			<u>(1,375,944)</u>
Total Fund Balances (Deficit)	<u>1,925,117</u>	<u>(67,802)</u>	<u>295,365</u>		<u>2,152,680</u>
Total Liabilities and Fund Balances	<u>\$ 2,820,435</u>	<u>\$ 383,979</u>	<u>\$ 10,688,242</u>	<u>\$</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 \$52,678,089 and the accumulated depreciation is \$18,054,774. (See Note 6).	34,623,315
Deferred Outflow of Resources - Deferred Pension Contribution.	4,294,774
Long Term Net Pension Liability	(14,455,581)
Deferred Inflows of Resources - Pension Actuarial Gains.	(2,993,777)
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 7).	(8,135,603)
Deferred Outflow of Resources - Deferred Amount on Refunding of Debt.	40,420
Interest on long term debt is accrued on the Statement of Net Position regardless when due.	(67,108)
Net Position of governmental activities	<u>\$ 15,459,120</u>

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Tax Levy	\$ 11,015,318	\$	\$	\$ 771,387	\$ 11,786,705
Tuition Charges	619,403				619,403
Homeless Tuition Reimbursement	339,434				339,434
Interest Earned	6,785		865		7,650
Miscellaneous	48,766	24,132			72,898
State Sources	27,049,947	686,906	6,799,554	383,638	34,920,045
Federal Sources	72,254	1,890,030			1,962,284
Total Revenues	<u>39,151,907</u>	<u>2,601,068</u>	<u>6,800,419</u>	<u>1,155,025</u>	<u>49,708,419</u>
EXPENDITURES					
Current:					
Regular Instruction	9,009,309	1,775,653			10,784,962
Special Education Instruction	3,791,463				3,791,463
Other Special Instruction	937,894				937,894
Other Instruction	421,608				421,608
Tuition	2,431,705				2,431,705
Student and Instruction Related Services	2,703,566	438,105			3,141,671
General Administrative Services	934,214				934,214
School Administrative Services	1,513,250				1,513,250
Other Administrative Services	882,619				882,619
Plant Operations and Maintenance	3,087,567				3,087,567
Pupil Transportation	2,064,094				2,064,094
Unallocated Benefits	11,138,358	373,888			11,512,246
Capital Outlay	508,335	4,531	3,293,949		3,806,815
Debt Service:					
Principal				935,000	935,000
Interest and Other Charges				220,025	220,025
Total Expenditures	<u>39,423,982</u>	<u>2,592,177</u>	<u>3,293,949</u>	<u>1,155,025</u>	<u>46,465,133</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(272,075)</u>	<u>8,891</u>	<u>3,506,470</u>		<u>3,243,286</u>
OTHER FINANCING SOURCES (USES)					
Transfer to Capital Projects Fund	(196,215)		196,215		
Interest Earned in Capital Project Fund	865		(865)		
Total Other Financing Sources and Uses	<u>(195,350)</u>		<u>195,350</u>		
Net Changes in Fund Balances	(467,425)	8,891	3,701,820		3,243,286
Fund Balance — Beginning of Year (Deficit)	2,392,542	(76,693)	(3,406,455)		(1,090,606)
Fund Balance — End of Year (Deficit)	<u>\$ 1,925,117</u>	<u>\$ (67,802)</u>	<u>\$ 295,365</u>	<u>\$ -</u>	<u>\$ 2,152,680</u>

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds \$ 3,243,286

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	\$	(649,026)	
Capital Outlays		3,754,149	
		3,105,123	3,105,123

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

(496,275)

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.

935,000

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

6,234

In the Statement of Activities, Amortization of the Deferred Amount on Debt Refunding is expensed, regardless of when the Debt was Refunded.

(19,685)

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

65,984

Change in Net Position of Governmental Activities **\$ 6,839,667**

PROPRIETARY FUNDS

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities - Enterprise Funds			Totals
	Food Service	Academy Program	Internal Service Fund	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 19,910	\$	\$	\$ 19,910
Accounts Receivable:				
State	1,539			1,539
Federal	114,859			114,859
Other	7,592			7,592
Interfund Accounts Receivable	435,929	164,190		600,119
Inventories	26,669			26,669
Total Current Assets	606,498	164,190		770,688
Noncurrent Assets:				
Furniture, Machinery & Equipment	807,742	30,118		837,860
Less: Accumulated Depreciation	(647,214)	(25,094)		(672,308)
Total Noncurrent Assets	160,528	5,024		165,552
Total Assets	767,026	169,214		936,240
LIABILITIES				
Current Liabilities:				
Accounts Payable	50,387			50,387
Unearned Revenue	21,989			21,989
Total Current Liabilities	72,376			72,376
Noncurrent Liabilities:				
Compensated Absences	5,815			5,815
Total Liabilities	78,191			78,191
NET POSITION				
Invested in Capital Assets Net of Related Debt	160,528	5,024		165,552
Unrestricted	528,307	164,190		692,497
Total Net Position	\$ 688,835	\$ 169,214	\$	\$ 858,049

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities- Enterprise Fund			Totals
	Food Service	Academy Program	Internal Service Fund	
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 101,170	\$	\$	\$ 101,170
Daily Sales - Non-Reimbursable Programs	119,481			119,481
Special Functions	8,900			8,900
Academy Tuition		285,842		285,842
Food Service Director Services			8,900	8,900
Total Operating Revenues	229,551	285,842	8,900	524,293
OPERATING EXPENSES:				
Salaries	575,406	28,605	8,900	612,911
Employee Benefits	49,710			49,710
Purchased Property Services	50,168			50,168
General Supplies	32,129			32,129
Depreciation	14,758	2,007		16,765
Transportation		114		114
Tuition		116,500		116,500
Miscellaneous	276	2,678		2,954
Cost of Sales - Reimbursable	453,285			453,285
Cost of Sales - Non Reimbursable	53,575			53,575
Total Operating Expenses	1,229,307	149,904	8,900	1,388,111
Operating Income (Loss)	(999,756)	135,938	-	(863,818)
NON-OPERATING REVENUES (EXPENSES):				
State Sources:				
State School Lunch Program	12,892			12,892
Federal Sources:				
National School Breakfast Program	224,688			224,688
National School Lunch Program	687,267			687,267
National Snack Program	12,709			12,709
Food Distribution Program	82,005			82,005
NSLP Equipment Assistance Grant	26,233			26,233
Interest and Investment Revenue	79			79
Total Non-Operating Revenues (Expenses)	1,045,873			1,045,873
Net Change in Position	46,117	135,938		182,055
Net Position — Beginning of Year	642,718	33,276		675,994
Net Position — Ending of Year	\$ 688,835	\$ 169,214	\$ -	\$ 858,049

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			Total Enterprise
	Food Service	Academy Program	Internal Service Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 229,551	\$ 285,842	\$ 8,900	\$ 524,293
Payments to Employees	(575,406)	(28,605)	(8,900)	(612,911)
Payments for Employee Benefits	(49,710)			(49,710)
Payments to Suppliers	(531,521)	(257,237)		(788,758)
Net Cash Provided by (used for) Operating Activities	(927,086)	-	-	(927,086)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State Sources	12,892			12,892
Federal Sources	950,897			950,897
Local Sources				
Net Cash Provided by (used for) Non-Capital Financing Activities	963,789			963,789
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of Capital Assets	(26,233)			(26,233)
Net Cash Provided by (used for) Capital and Related Financing Activities	(26,233)			(26,233)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Earned on Investments	79			79
Net Cash Provided by (used for) Investing Activities	79			79
Net Increase (Decrease) in Cash and Cash Equivalents	10,549			10,549
Balances — Beginning of Year	9,361			9,361
Balances — End of Year	\$ 19,910	\$ -	\$ -	\$ 19,910
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:				
Operating Income (Loss)	\$ (999,756)	\$ 135,938		\$ (863,818)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities				
Depreciation	14,758	2,007		16,765
Food Distribution Program	82,005			82,005
(Increase)/Decrease in Accounts Receivable	(57,817)			(57,817)
(Increase)/Decrease in Inventory	7,314			7,314
(Increase)/Decrease in Interfund Receivable	30,154	(137,945)		(107,791)
Increase/(Decrease) in Accounts Payable	(834)			(834)
Increase/(Decrease) in Compensated Absences Payable	(4,695)			(4,695)
Increase/(Decrease) in Unearned Revenue	1,785			1,785
Total Adjustments	72,670	(135,938)		(63,268)
Net Cash Provided by (used for) Operating Activities	\$ (927,086)	\$ -	\$ -	\$ (927,086)

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

FIDUCIARY FUNDS

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Trust Funds		Agency Funds	
	School Uniform Trust	Unemployment Compensation Trust	Student Activity	Payroll
ASSETS				
Cash and Cash Equivalents	\$ 2,248	\$ 174,110	\$ 52,731	\$ 398,997
Accounts Receivable			3,165	
Total Assets	\$ 2,248	\$ 174,110	\$ 55,896	\$ 398,997
LIABILITIES				
Accounts Payable	\$	\$ 10,427	\$	
Payable to Student Groups			55,896	
Payroll Deductions and Withholdings				325,732
Employee Section 125 Plan				73,265
Total Liabilities		10,427	\$ 55,896	\$ 398,997
NET POSITION:				
Held in Trust for:				
School Uniform Trust	\$ 2,248			
Unemployment Claims and Other Purposes		\$ 163,683		

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>School Uniform Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Total</u>
ADDITIONS:			
Contributions:			
Employee Deductions	\$	\$ 48,469	\$ 48,469
District Contributions		56,802	56,802
Total Contributions		<u>105,271</u>	<u>105,271</u>
Investment Earnings:			
Interest		292	292
Net Investment Earnings		<u>292</u>	<u>292</u>
Total Additions		<u>105,563</u>	<u>105,563</u>
DEDUCTIONS:			
Uniforms	142		142
Unemployment Claims		86,941	86,941
Total Deductions	<u>142</u>	<u>86,941</u>	<u>87,083</u>
Change in Net Position	<u>(142)</u>	<u>18,622</u>	<u>18,480</u>
Net Position — Beginning of Year	<u>2,390</u>	<u>145,061</u>	<u>147,451</u>
Net Position — End of Year	<u>\$ 2,248</u>	<u>\$ 163,683</u>	<u>\$ 165,931</u>

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity – The Penns Grove-Carneys Point Regional School District (hereafter referred to as the “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. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades K-12 at its five schools. The School District has an approximate enrollment at June 30, 2018 of 2,057.

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

Component Units – GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The School District has determined that there are no component units as of the year end June 30, 2018.

Basis of Presentation – The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its business-type activities and enterprise funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District’s accounting policies are described in this note. The School District’s basic financial statements consist of government-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.

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the School District that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District’s governmental activities and for the business-type activities of the School District.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Government-wide Financial Statements (Cont'd)

Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds.

General Fund – The General Fund is the general operating fund of the School 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 classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, as they pertain to the governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the recourses 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 which 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.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Government-wide Financial Statements (Cont'd)

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector.

Enterprise Funds - The enterprise funds are used to account for operations:

1. That are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that the costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or
2. Where the School 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 School Districts enterprise fund is:

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

Academy Program – This fund accounts for the financial transactions related to providing academic and technical needs for high school students

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 Position) is segregated into investment in capital assets, net of related debt, and unrestricted Net Position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Proprietary Funds (Cont'd)

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:

Equipment	15 Years
Vehicles	4-6 Years

Internal Service Funds - The Internal Service Fund is used by management to charge the necessary expenses to provide consultant services to the Food Services Program for Oldmans Township School District. The assets and liabilities of the combine service funds are included in business-type activities in the Statement of Net Position.

Fiduciary Funds - Fiduciary fund reporting focuses on Net Position and changes in Net Position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Pension trust funds are used to account for resources held in trust for employees and their beneficiaries based on defined benefit pension agreements, defined contribution agreements, other postemployment benefit agreements, and other employee benefit arrangements. Investment trust funds are used to report the external portion of an investment pool as defined in GASB Statement No. 31, Accounting and Financial Reporting for Certain External Investment Pools. Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. Agency funds are used to account for assets held by the School District in a trust capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e., payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The School District has four fiduciary funds; an unemployment trust fund, a uniform fund, a student activity fund, and payroll fund.

Measurement Focus - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. For the fund financial statements, all government funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing sources) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation, with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Recognition of Revenue - Revenue resulting from exchange transactions, which are defined as transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. For the governmental fund financial statements, which are prepared on the modified accrual basis, however, such revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days after fiscal year end. Revenue resulting from non-exchange transactions, which are defined as transactions in which the School District receives value without directly giving equal value in return, includes Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual. As under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the state of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used 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. Restricted formula aids, which include *Preschool Education Aid*, are recorded in the special revenue fund in accordance with *The Audit Program* promulgated by the New Jersey Department of Education, which requires that these grants be realized in an amount equal to program expenditures.

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

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue and debt service funds and 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, 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. 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.

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

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

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

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

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

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, 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.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2018, the District had no funds on deposit with the New Jersey Cash Management.

N.J.S.A. 17:9-41 et. seq. establishes requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”), a multiple financial institutional collateral pool, which was enacted in the 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. 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 a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the 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.

Tuition Receivable – Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Tuition Payable – Tuition charges for the fiscal years ended June 30, 2018 and 2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Inventories – Inventories are value at cost, which approximates market. The costs are determined on a first-in, first-out method. The cost of inventories in the governmental fund financial statements is recorded as expenditures when consumed rather than when purchased. Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Prepaid Expenses – Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

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

Deferred Expenditures – Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure/expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring costs of operations.

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 School District and that are due within one year. These amounts are eliminated in the governmental-wide financial statements, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and/or interfunds payable on the statement of net position.

Capital Assets – General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the governmental fund financial statements. Capital assets utilized by the proprietary funds, however, are reported in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure.

Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	15 Years
Vehicles	5-10 Years	4-6 Years

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Compensated Absences – Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In the proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

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

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

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

Net Position – Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances 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. It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both are restricted and unrestricted Net Position is available.

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Balances (Cont'd)

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first.

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

Operating and Non-Operating Revenues and Expenses – Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of federal and state grant funding and interest income earned on various interest-bearing accounts. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Bond and Lease Acquisition Costs

As part of any long-term bond or lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. The prior year amount of unamortized debt issue cost has been restated, in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2018.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards:

The School District has adopted the following GASB statements:

- ***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 inter-period equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75 will impact the financial statements of the School District.
- ***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. The adoption of GASB 85 is not expected to impact the financial statements of the School District.
- ***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. The adoption of GASB 86 is not expected to impact the financial statements of the School District.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Cont'd):

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

- 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. 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.
- GASB No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Cont'd):

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 88 on the School District's financial statements.

- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.

- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3. CASH AND CASH EQUIVALENTS

As of June 30, 2018, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash</u> <u>Equivalents</u>
Checking Accounts	\$ 701,659
Total	\$ 701,659

Custodial Credit Risk Related to Deposits – 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 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.

As of June 30, 2018, the School District's bank balance of \$1,239,064 custodial credit risk as follows:

Insured by Depository Insurance	\$ 391,629
Collateralized under GUDPA	847,435
Total	\$ 1,239,064

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District inclusion of \$100.00 on October 2, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either 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 amount cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4. CAPITAL RESERVE ACCOUNT (CONT'D)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance July 1, 2017	\$1,228,688
Increased by: Contribution	400,000
Interest Income	.
Decreased by Appropriation for Capital Outlay	355,000
Decreased by: Transfer to the Capital Projects Fund	<u> </u>
Ending balance June 30, 2018	<u>\$1,273,688</u>

The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the School District's LRFP.

NOTE 5. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

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

Receivables:	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>	<u>Proprietary Funds</u>
Intergovernmental	\$1,042,804	\$383,979	\$10,671,805	\$116,398
Other				<u>7,592</u>
Total	<u>\$1,042,804</u>	<u>\$383,979</u>	<u>\$10,671,805</u>	<u>\$123,990</u>

NOTE 6. INVENTORY

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$ 23,558
Supplies	<u>3,111</u>
	<u>\$ 26,669</u>

At June 30, 2018, there was an ending inventory of \$22,669 in the Food Service Fund, of which \$17,463 was federal commodities.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. OPERATING LEASES

At June 30, 2018, the School District had lease agreements in effect for copiers and mail machines from prior years. The following represents the future minimum lease payments associated with this rental agreements, as of June 30, 2018:

Fiscal Year	Principal
<u>Ending June 30,</u>	<u>Principal</u>
2019	\$ 137,520
2020	28,025
Total	<u>165,545</u>

NOTE 8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
	<u>7/1/2017</u>			<u>6/30/2018</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 1,280,600	\$	\$	\$ 1,280,600
Construction in Progress	14,620,572	3,293,949	(3,293,949)	14,620,572
Total Capital Assets Not Being Depreciated	<u>15,901,172</u>	<u>3,293,949</u>	<u>(3,293,949)</u>	<u>15,901,172</u>
Land improvements	1,511,394			1,511,394
Building and building improvements	28,853,306	440,129	3,293,949	32,587,384
Furniture and equipment	2,658,068	20,071		2,678,139
Totals Capital Assets Being Depreciated	<u>33,022,768</u>	<u>460,200</u>	<u>3,293,949</u>	<u>36,776,917</u>
Less accumulated depreciation:				
Land improvements	(1,380,954)	(2,841)		(1,383,795)
Building and improvements	(13,501,486)	(619,312)		(14,120,798)
Equipment	(2,523,308)	(26,873)		(2,550,181)
Total Accumulated Depreciation	<u>(17,405,748)</u>	<u>(649,026)</u>		<u>(18,054,774)</u>
Government Activities Capital Assets, Net	<u>\$ 31,518,192</u>	<u>\$ 3,105,123</u>	<u>\$</u>	<u>\$ 34,623,315</u>
	To A-1			To A-1
Business-type Activities:				
Equipment	\$ 811,627	\$ 26,233	\$	\$ 837,860
Less: Accumulated Depreciation	(655,543)	(16,765)		(672,308)
Business-type Activities Capital Assets, Net	<u>\$ 156,084</u>	<u>\$ 9,468</u>	<u>\$</u>	<u>\$ 165,552</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 294,347
Administrative Support	57,001
Business Services	15,104
Operations/Maintenance	282,574
Total Depreciation Expense	<u>\$ 649,026</u>

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9. AMORTIZATION OF DEBT REFUNDING COST

The School District had previously elected to implement GASB Statement No. 65 and as a result, has reflected the Bond Debt Refunding Cost as a Deferred Outflow of Resources on the Statement of Net Position, net of the portion amortized, as a component of interest expense over the life of the debt. During the 2017-18 School Year, \$19,685 was amortized, resulting in a balance in Deferred Outflows of Resources of \$40,420, as of June 30, 2018.

NOTE 10. LONG TERM OBLIGATIONS

During the fiscal year ended June 30, 2018 the following changes occurred in long-term obligations:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 30-Jun-18</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 8,110,000	\$	\$ 935,000	\$ 7,175,000	\$ 950,000
Compensated Absences	1,026,587		65,984	960,603	129,749
Governmental Activity Long Term Liability	<u>9,136,587</u>	<u>-</u>	<u>1,000,984</u>	<u>8,135,603</u>	<u>1,079,749</u>
Business-Type Activities					
Compensated Absences Payable	\$ <u>10,510</u>	\$	\$ <u>(4,695)</u>	\$ <u>5,815</u>	\$

As of June 30, 2018, there exists a balance of outstanding principal in the 2003 issue, the refunded 2005 issue and the series 2016 bond issues totaling \$7,175,000. Combined Principal and interest due on the two serial bond issues outstanding as of June 30, 2018 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 950,000	\$ 232,624	\$ 1,182,624
2020	945,000	198,224	1,143,224
2021	360,000	163,424	523,424
2022	360,000	152,624	512,624
2023	360,000	141,824	501,824
2024	360,000	131,024	491,024
2025	360,000	120,224	480,224
2026	360,000	109,424	469,424
2027	360,000	98,624	458,624
2028	360,000	87,824	447,824
2029	360,000	77,024	437,024
2030	360,000	66,224	426,224
2031	360,000	55,424	415,424
2032	330,000	43,724	373,724
2033	330,000	33,000	363,000
2034	330,000	22,274	352,274
2035	330,000	11,550	341,550
	<u>\$ 7,175,000</u>	<u>\$ 1,745,060</u>	<u>\$ 8,920,060</u>

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10. LONG TERM OBLIGATIONS (CONT'D)

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

On April 7, 2003, the School District issued \$4,465,000.00 general obligation bonds at interest rates varying from 2.00% to 3.40% for various construction and renovation projects. The final maturity of these bonds was December 15, 2016. Annual payments regarding bonds payable will be funded by the combination of both property taxes and state aid.

On November 13, 2014 the School District issued \$3,810,000.00 refunding school bonds at interest rates varying from 1.00% to 2.00% to extinguish previous bonds issued and outstanding dated March 1, 2000 in the amount of \$7,020,000.00. The final maturity of the refunding bonds is March 1, 2020. Annual payments regarding bonds payable will be funded by the combination of both property taxes and state aid. The balance in this bond issue as of June 30, 2018 is \$1,535,000.

On February 18, 2016, the School District issued \$6,000,000.00 refunding school bonds at interest rates varying from 2.00% to 3.25%. The final maturity of the refunding bonds is March 1, 2035. Annual payments regarding bonds payable will be funded by the combination of both property taxes and state aid. The balance in this bond issue as of June 30, 2018 is \$5,640,000.

Bonds Authorized But Not Issued – As of June 30, 2018, the Board had no bonds authorized but not issued.

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

NOTE 11. 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. For additional information about PERS or TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The following represents the membership tiers for PERS and TPAF:

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

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. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. 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.

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

Contributions - The contribution policy is set by N.J.S.A. 43:15A 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 7.34% of employees' annual compensation through June 30, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The District's contributions to PERS for the years ended June 30, 2018, and 2017, were \$585,030 and \$543,474 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, 2018 was \$21,168,258. Payroll covered by PERS was \$3,829,626 for fiscal year 2018. Contributions to the system for the year ended June 30, 2018 were as follows:

	<u>PERS</u>
Employees	\$ 281,253
District	<u>585,030</u>
Total	<u>\$ 866,283</u>

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2018, as follows:

Public Employees Retirement System					
<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2018	\$ 75,718	\$ 471,519	\$ 585,030	\$ N/A	\$ 585,030

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Components of Net Pension Liability - At June 30, 2018, the District's proportionate share of the PERS net pension liability was \$14,455,581. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. 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, 2017. The District's proportion measured as of June 30, 2017 was 0.062099% which was an increase of 0.00129% from its proportion measured as of June 30, 2016.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2018 PERS pension expense, with respect to GASB 68, was \$1,113,972. The District's 2018 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	\$ 340,379	\$
Changes of assumptions	2,912,301	2,901,624
Net difference between projected and actual earnings on pension plan investments	98,433	
Changes in proportion	358,631	92,153
Contributions subsequent to the measurement date	585,030	
Total	\$ 4,294,774	\$ 2,993,777

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	\$	305,737
2019		482,874
2020		273,673
2021		(340,479)
2022		(5,838)
Thereafter		
Total	\$	715,967

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Additional Information - Collective Balances at June 30, 2018 and 2017 are as follows:

<u>Year</u>		<u>6/30/2018</u>		<u>6/30/2017</u>
Collective deferred outflows of resources	\$	4,294,774	\$	5,470,568
Collective deferred inflows of resources	\$	2,993,777	\$	120,245
Collective Net Pension Liability	\$	14,455,581	\$	18,008,632
District's Proportion		0.062099%		0.060805%

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

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, 2016 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.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

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, 2017 are summarized in the following table:

Asset Class	PERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

Discount Rate - The discount rate as of June 30, 2017 used to measure the total pension liability was 5.00% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

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, 2017, 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 (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 17,933,130	\$ 14,455,581	\$ 11,558,353

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.

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 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 2018. 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 2017, 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.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Cont'd)

The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100% special funding situation with the State of New Jersey.

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/18	\$ 309,241	100 %	\$ N/A
6/30/17	2,751,840	100	N/A
6/30/16	2,751,840	100	N/A

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$309,241 to the TPAF for pension contributions, \$1,455,749 for post-retirement benefits on behalf of the School, and \$2,763 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$ during the year ended June 30, 2018 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, 2018, 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.

Pension Expense - For the year ended June 30, 2018, the District recognized pension expense of \$7,283,770 and revenue of \$7,283,770 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.25%

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Cont'd)

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, 2017 are summarized in the following table:

Asset Class	TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 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.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits is the responsibility of the individual local education employers.

At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post retirement medical benefits and the State contributed \$1.39 billion on their behalf.

PERS participant retirees

The state paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)(CONT'D)

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2017, was \$53,639,841,858. Of this amount, the total OPEB liability attributable to the School District was \$99,874,688. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.18619%. The total OPEB liability for the School District measured as of June 30, 2017 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2017 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS
Inflation Rate	2.50%	2.50%
	Based on	Based on
Salary Increases:	Years of Service	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)(CONT'D)

Discount rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2016 Measurement Date	\$ 108,018,858
Changes for the year:	
Service cost	4,281,335
Interest cost	3,169,028
Changes of benefit terms	
Differences between expected and actual	
Changes in assumptions or other inputs	(13,366,405)
Member contributions	85,182
Gross benefit payments	(2,313,310)
Net changes	(8,144,170)
Balance as of June 30, 2017 Measurement Date	\$ 99,874,688

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2017		
At 1.00% Decrease 2.58%	At Discount Rate 3.58%	At 1.00% Increase 4.58%
\$ 63,674,362,200	53,639,841,858	45,680,364,953

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

June 30, 2017		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 44,113,584,560	53,639,841,858	66,290,599,457

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the School District recognized OPEB expense of \$6,031,133. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$
Changes of assumptions		11,811,779
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion		267,858
Contributions subsequent to the measurement date		
Total	\$	\$ 12,079,637

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

<u>Measurement Period Ending June 30,</u>		<u>OPEB</u>
2018	\$	1,238,132
2019		1,238,132
2020		1,238,132
2021		1,238,132
2022		1,238,132
Thereafter		4,382,987
Total	\$	10,573,647

Special Funding Situation

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

NOTE 13. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2018, the School District has recognized as revenues and expenditures on-behalf payments made by the State of New Jersey of \$2,253,904 for TPAF normal costs, \$1,455,749 for

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TPAF post-retirement costs, \$2,763 for long-term disability, and \$1,118,357 for reimbursed TPAF Social Security costs.

NOTE 14. RISK MANAGEMENT

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

Property and Liability Insurance – The School District maintains commercial insurance coverage for property, liability, 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 School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s expendable trust fund for the current and previous two fiscal years:

<u>Fiscal Year Ended June 30</u>	<u>Interest</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 292	\$ 56,802	\$ 48,469	\$ 86,941	\$ 163,683
2017	252		48,825	79,124	145,061
2016	293		50,104	81,840	175,108

Joint Insurance Pool – The School District is a member of the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund. The Fund provides the School District with the following coverage:

- Property (Including Inland Marine and Automobile Physical Damage)
- Boiler and Machinery
- Educator’s Legal Liability
- Crime
- Pollution Legal Liability
- General and Automotive Liability
- Workers’ Compensation

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund’s actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund’s claim, loss retention, or administrative accounts to assure the payment of the Fund’s obligations. As a participant in the Tri-County JIF, the reflective share of the combined fund balance or deficit is reported to the District each year, of which this amount is not reported in the Financial Statements of the District.

NOTE 15. DEFERRED COMPENSATION

The School District offers a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the employer, permit 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.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 15. DEFERRED COMPENSATION (CONT'D)

The below 403(b) service providers have been authorized by the School District:

Ameriprise Financial Services, Inc.
AXA Equitable Life Insurance Company
Fidelity Investments
ING Life Insurance and Annuity Company
Lincoln Investment Planning, Inc.
MetLife

NOTE 16. 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.

All School District employees 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. All School District employees except non-instructional aides are entitled to three personal days which may be carried forward and accumulated to be paid at retirement. Vacation days not used during the year may not be accumulated and carried forward.

Benefits paid in any future year will be calculated according to formulas outlined in the School District's agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, the liability for compensated absences in the governmental and proprietary fund types was \$960,603 and \$5,815, respectively.

NOTE 17. ARBITRAGE REBATE

The Tax Reform Act of 1986 placed restriction on investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be rebated to the United States Treasury Department within sixty days of the end of the fifth bond year. A bond year is defined as ending on the anniversary date of bond settlement.

The School District issued refunded bonds on February 22, 2005. Such bonds were dated March 22, 2005. The first required computation date of rebatable arbitrage in respect to the bonds is May 31, 2008 (the final maturity of the bonds) or earlier, the redemption date of the last outstanding bond. The School District also issued refunding bonds on February 22, 2005. Such bonds were dated March 22, 2005. The first required computation date of rebatable arbitrage in respect to the bonds is February 28, 2010 (the final maturity bonds) or if earlier, the redemption date of the last outstanding bond.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 18. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances are generated as a result of advances or deposits of one fund are made by and received by another fund. The following interfund balances were recorded on the various balance sheets as of June 30, 2018:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 1,740,405	\$ 600,119
Special Revenue		282,375
Capital Projects		1,458,030
Proprietary	600,119	
	<u>\$ 2,340,524</u>	<u>\$ 2,340,524</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2018, the District expects to liquidate such interfunds, depending upon the availability of cash flow.

NOTE 19. DEFICIT FUND BALANCES

The School District has an unassigned deficit of \$1,308,142 in the general fund and a deficit of \$67,802 in the special revenue fund, as of June 30, 2018 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payment as revenue for budget purposes only in the current school budget year. The statute provides legal authority for school districts to recognize the revenue in a current school 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 an asset, the other governmental 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 payment. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments 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 School District's general fund deficit is less than the June state aid payments received in July, 2018 and the School District's special revenue fund deficit in the GAAP funds statements of \$67,802 is the same as the June state aid payments received in July, 2018.

NONSPENDABLE

As stated in Note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. There are no nonspendable fund balances of the School District, as of June 30, 2018

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 19. DEFICIT FUND BALANCES (CONT'D)

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund –

For Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance – excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budget fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$1,178,269, of which \$439,122 was assigned for utilization in the 2018-19 budget and \$739,147 will be utilized in the 2019-20 budget.

For Capital Reserve Account – As of June 30, 2018, the balance in the capital reserve account is \$1,273,688, of which \$450,000 was assigned for utilization in the 2018-19 budget. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP). The maximum amount of Capital Reserve is \$25,757,944.

For Maintenance Reserve Account – As of June 30, 2018, the balance in the maintenance reserve account is \$18,877. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A 18:7G-9) as amended by P.L. 2004, c. 73 (S1710). The maximum allowable reserve balance is \$2,445,906.

Capital Projects Fund – As of June 30, 2018, the restricted fund balance amount was \$295,365. Budgets of district projects were approved and funded during the previous year in part by the School Development Authority in the amount of \$13,509,588, Bond Proceeds of \$6,000,000 and \$600,000 from the Capital Reserve account.

Debt Service Fund – In accordance with N.J.S.A. 18A:7F-41(c) (2), the School District has a Debt fund balance in the amount of \$0, which is unassigned as of June 30, 2018.

ASSIGNED

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund –

For Subsequent Year's Expenditures – The School District has appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018 \$510,876.

Other Purposes As of June 30, 2018, the School District had \$251,549 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 19. DEFICIT FUND BALANCES (CONT'D)

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund – As of June 30, 2018, the fund balance of the general fund was \$1,925,117, which includes an unassigned deficit of \$1,308,142. There was the result of the delay in the payment of state aid of \$2,068,874 until the following fiscal year. As stated in Note 19, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid in the payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance does not alone indicate that the School District is facing financial difficulties.

Special Revenue Fund – As of June 30, 2018, the fund balance of the special revenue fund was a deficit of \$67,802 thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in Note 19, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$67,802 is the same as the last state aid payment.

NOTE 20. 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.

NOTE 21: GRANT ANTICIPATION NOTE

On July 6, 2017, the School District Issued a Short-term Grant Anticipation Note in the amount of \$8,500,000 to fund a portion of State aided Capital Project expenditures. The interest rate on the note is 2.25% and there is a note premium of \$61,370.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 22: LITIGATION

The School District is a defendant in two legal proceedings that are currently awaiting court hearings. The Board's insurance carrier is defending both claims. In addition, the Board is still aware of five Notice of Tort Claims and the outcome, or exposure to the Board, is still either unknown or potential losses, if any, would not be material to the financial statements.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 11,015,319	\$ (1)	\$ 11,015,318	\$ 11,015,318	
Tuition - Summer School	1,500		1,500		(1,500)
Tuition from LEAS within the State	650,000		650,000	619,403	(30,597)
Transportation Fees from Other LEAS	12,000		12,000		(12,000)
Homeless Tuition Reimbursement				339,434	339,434
Interest on Investments		5,000	5,000	6,685	1,685
Interest on Investments - Capital Reserve	100	(100)		100	100
Rent	7,500		7,500	8,550	1,050
Sale of Property	50,000		50,000		(50,000)
Miscellaneous	62,161	(4,904)	57,257	40,216	(17,041)
Total - Local Sources	11,798,580	(5)	11,798,575	12,029,706	231,131
State Sources:					
Categorical Special Education	1,190,528		1,190,528	1,190,528	
Equalization Aid	19,825,465		19,825,465	20,220,763	395,298
Categorical Security Aid	299,644		299,644	299,644	
Categorical Transportation Aid	121,679		121,679	121,679	
PARCC Readiness Aid	21,010		21,010	21,010	
Per Pupil Growth Aid	21,010		21,010	21,010	
Professional Learning Community Aid	20,520		20,520	20,520	
Extraordinary Aid	260,000		260,000	310,444	50,444
Reimbursement of Nonpublic School Transportation Costs				14,500	14,500
TPAF Pension & Annuity Fund (On-Behalf - Non-Budgeted)				2,253,904	2,253,904
TPAF Post Retirement-Medical (On-Behalf - Non-Budgeted)				1,455,749	1,455,749
Long-term Disability (On Behalf - Non-Budgeted)				2,763	2,763
Reimbursed TPAF Social Security (Non-Budgeted)				1,118,357	1,118,357
Total - State Sources	21,759,856		21,759,856	27,050,871	5,291,015
Federal Sources:					
Medical Assistance Program	62,963		62,963	72,254	9,291
Total - Federal Sources	62,963		62,963	72,254	9,291
Total Revenues	33,621,399	(5)	33,621,394	39,152,831	5,531,437
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers					
Preschool	15,214	(15,214)			
Kindergarten	771,889		771,889	770,689	1,200
Grades 1-5	2,988,037	(131,854)	2,856,183	2,852,626	3,557
Grades 6-8	1,803,434	(13,083)	1,790,351	1,765,909	24,442
Grades 9-12	2,443,115	(68,117)	2,374,998	2,347,818	27,180
Regular Programs - Home Instruction:					
Salaries of Teachers					
Purchased Professional - Educational Services	40,000	(36,505)	3,495	3,495	
Other Purchased Services (400-500 series)	1,000		1,000	228	772
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction					
Purchased Professional - Educational Services	1,852,442	(1,278,889)	573,553	566,081	7,472
Other Purchased Services (400-500 Series)	205,239	(18,390)	186,849	183,247	3,602
General Supplies	381,577	63,277	444,854	390,658	54,196
Textbooks	83,469	7,604	91,073	84,665	6,408
Other Objects	5,700	(100)	5,600	4,282	1,318
Total Regular Programs	10,729,770	(1,528,976)	9,200,794	9,009,309	191,485
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers					
Other Salaries for Instruction	1,015,912	223,079	1,238,991	1,238,991	
General Supplies	5,000	(141)	4,859	4,859	
Total Learning and/or Language Disabilities	1,020,912	333,104	1,354,016	1,353,997	19

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXPENDITURES (CONT'D)	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
Behavioral Disabilities:					
Salaries of Teachers	\$	\$ 65,084	\$ 65,084	\$ 65,084	
Other Salaries for Instruction		18,930	18,930	18,929	1
Total Behavioral Disabilities		84,014	84,014	84,013	1
Multiple Disabilities:					
Salaries of Teachers	912,123	301,507	1,213,630	1,213,630	
Other Salaries for Instruction	13,928	418,854	432,782	422,570	10,212
Purchased Professional Educational Services	5,000	3,616	8,616	8,615	1
General Supplies	19,750	(2,259)	17,491	16,704	787
Total Multiple Disabilities	950,801	721,718	1,672,519	1,661,519	11,000
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	987,111	(627,061)	360,050	360,050	
General Supplies	16,355	(4,654)	11,701	11,608	93
Textbooks	4,170	(2,000)	2,170	2,161	9
Total Resource Room/Resource Center	1,007,636	(633,715)	373,921	373,819	102
Special Education - Instruction:					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	153,759		153,759	153,319	440
Other Salaries for Instruction		49,544	49,544	49,538	6
General Supplies	10,350	(3,850)	6,500	6,126	374
Total Preschool Disabilities - Instruction - Part -Time	164,109	45,694	209,803	208,983	820
Home Instruction:					
Salaries of Teachers		27,775	27,775	27,775	
Purchased Professional-Educational Services		87,447	87,447	81,357	6,090
Total Home Instruction		115,222	115,222	109,132	6,090
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,143,458	666,037	3,809,495	3,791,463	18,032
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	175,938	216,630	392,568	392,568	
Total Basic Skills / Remedial - Instruction	175,938	216,630	392,568	392,568	
Bilingual Education - Instruction					
Salaries of Teachers	683,749	(138,424)	545,325	545,325	
Other Salaries for Instruction		52,284	52,284	1	52,283
Purchased Professional - Educational Services	4,000	(4,000)			
Total Bilingual Education - Instruction	687,749	(90,140)	597,609	545,326	52,283
School Sponsored Co-curricular Activities - Instruction					
Salaries	74,363		74,363	52,048	22,315
Supplies and Materials	15,600	32,598	48,198	46,370	1,828
Other Objects	2,000	757	2,757	2,120	637
Total School Sponsored Co-curricular Activities - Instruction	91,963	33,355	125,318	100,538	24,780
School Sponsored Athletics - Instruction					
Salaries	190,534	(470)	190,064	184,290	5,774
Purchased Services (300-500 Series)	70,807	(5,052)	65,755	65,752	3
Supplies and Materials	37,571	(2,211)	35,360	31,988	3,372
Other Objects	14,825	2,932	17,757	14,310	3,447
Total School Sponsored Athletics - Instruction	313,737	(4,801)	308,936	296,340	12,596
Summer School - Instruction					
Salaries of Teachers	17,520	4,500	22,020	20,730	1,290
Purchased Professional & Technical Services	5,000	2,997	7,997	4,000	3,997
Total Summer School - Instruction	22,520	7,497	30,017	24,730	5,287
Total Instruction	15,165,135	(700,398)	14,464,737	14,160,274	304,463

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variance Positive (Negative) Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 14,500	\$ 27,919	\$ 42,419	\$ 41,272	\$ 1,147
Tuition to Other LEAs Within the State - Special	30,000	66,094	96,094	86,946	9,148
Tuition to County Voc School Dist - Regular	337,400	(47,600)	289,800	289,800	
Tuition to CSSD & Regional Day Schools	1,081,574	458,017	1,539,591	1,529,667	9,924
Tuition to Private Schools for the Disabled - Within State	530,458	(313,694)	216,764	216,764	
Tuition to Priv Schools for the Disabled & Oth LEAs-Spl, O/S St	262,470	287	262,757	262,756	1
Tuition - State Facilities	4,500		4,500	4,500	
Total Undistributed Expenditures - Instruction	2,260,902	191,023	2,451,925	2,431,705	20,220
Undistributed Expenditures - Attendance & Social Work:					
Salaries	25,765	115	25,880	25,880	
Total Undistributed Expend. - Attend. & Social Work	25,765	115	25,880	25,880	
Undistributed Expenditures - Health Services					
Salaries	291,055	(51,299)	239,756	239,755	1
Purchased Professional and Technical Services	80,000	119,754	199,754	193,904	5,850
Other Purchased Services (400-500 series)	1,000	(565)	435	435	
Supplies and Materials	11,432	(3,269)	8,163	7,121	1,042
Total Undistributed Expenditures - Health Services	383,487	64,621	448,108	441,215	6,893
Undistributed Expenditures - Speech, OT, PT & Related Services:					
Salaries	123,618	4,750	128,368	128,368	
Purchased Professional - Educational Services	100,000	60,144	160,144	155,703	4,441
Supplies and Materials	300	(300)			
Total Undistributed Expenditures - Speech, OT, PT & Related Services	223,918	64,594	288,512	284,071	4,441
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	545,617	(55,888)	489,729	489,728	1
Salaries of Secretarial and Clerical Assistants	92,207	16,357	108,564	108,564	
Other Purchased Professional and Technical Services	29,150	600	29,750	29,750	
Supplies and Materials	25,972	(5,335)	20,637	20,501	136
Total Undistributed Expenditures - Guidance	692,946	(44,266)	648,680	648,543	137
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	461,549	71	461,620	461,619	1
Salaries of Secretarial and Clerical Assistants	55,015	(199)	54,816	54,815	1
Purchased Professional- Educational Services	45,000	(5,506)	39,494	39,494	
Other Purchased Professional and Technical Services	16,178	20,732	36,910	36,910	
Misc Purchased Services (400-500 Series Other than Resid Cost	3,000	(2,560)	440	440	
Supplies and Materials	11,640	(6,279)	5,361	5,361	
Other Objects	5,000	(247)	4,753	4,753	
Total Undistributed Expenditures - Child Study Team	597,382	6,012	603,394	603,392	2
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	256,494	1,616	258,110	258,110	
Salaries of Other Professional Staff	30,140	12,192	42,332	42,332	
Salaries of Secretarial and Clerical Assistants	59,637	(7,712)	51,925	51,925	
Supplies and Materials	3,000	(247)	2,753	2,753	
Other Objects	2,000	5,709	7,709	7,709	
Total Undistributed Expenditures - Improvement of Instruction S	351,271	11,558	362,829	362,829	

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

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
Current Expense (Cont'd)					
Undistributed Expenditures - Educational Media Services/ School Library:					
Salaries	\$ 221,045	\$ (2,974)	\$ 218,071	\$ 218,071	
Salaries of Technology Coordinators	76,032	(29,603)	46,429	46,429	
Purchased Professional and Technical Services	2,037		2,037	1,439	598
Other Purchased Services (400-500 series)	16,748	(2,185)	14,563	12,782	1,781
Supplies and Materials	24,229	(2,540)	21,689	21,616	73
Total Undistributed Expenditures - Educational Media Services/ School Library:	340,091	(37,302)	302,789	300,337	2,452
Undistributed Expenditures - Instructional Staff Training Services					
Purchased Professional - Educational Services	31,500	(9,900)	21,600	13,626	7,974
Other Purchased Services (400-500 series)	45,100	(10,079)	35,021	23,673	11,348
Total Undistributed Expenditures - Instructional Staff Training Se	76,600	(19,979)	56,621	37,299	19,322
Undistributed Expenditures - Support Services - General Administration:					
Salaries	210,804		210,804	209,804	1,000
Legal Services	82,500	(14,497)	68,003	59,012	8,991
Audit Fees	26,000	(250)	25,750	25,591	159
Architectural/Engineering Services	10,000	(7,250)	2,750	2,220	530
Other Purchased Professional Services	16,000	26,791	42,791	37,332	5,459
Purchased Technical Services	3,000	53,346	56,346	24,702	31,644
Communications/Telephone	120,350	(28,753)	91,597	85,006	6,591
BOE Other Purchased Services	9,000		1,288	10,288	1,454
Other Purchased Services	432,868	29,440	462,308	458,200	4,108
General Supplies	15,000	(4,629)	10,371	9,201	1,170
Miscellaneous Expenditures	1,000	-	1,000	622	378
BOE Membership Dues and Fees	15,000	(108)	14,892	13,690	1,202
Total Undistributed Expenditures - Support Services - General Administration	941,522	55,378	996,900	934,214	62,686
Undistributed Expenditures - Support Service - School Administration:					
Salaries of Principals/Assistant Principals	992,431	(8,870)	983,561	961,540	22,021
Salaries of Other Professional Staff	106,676	2,222	108,898	106,841	2,057
Salaries of Secretarial and Clerical Assistants	445,838	(41,487)	404,351	397,235	7,116
Purchased Professional and Technical Services	4,000	(3,000)	1,000	800	200
Other Purchased Services (400-500 Series)	2,267	(1,057)	1,210	345	865
Supplies and Materials	45,220	1,339	46,559	42,489	4,070
Other Objects	5,000		5,000	4,000	1,000
Total Undistributed Expenditures - Support Services - School Administration	1,601,432	(50,853)	1,550,579	1,513,250	37,329
Undistributed Expenditures - Central Services					
Salaries	385,549	(391)	385,158	383,049	2,109
Purchased Technical Services	81,184	218,660	299,844	288,201	11,643
Supplies and Materials	2,200	1,315	3,515	3,261	254
Miscellaneous Expenditures	1,800	(72)	1,728	1,446	282
Total Undistributed Expenditures - Central Services	470,733	219,512	690,245	675,957	14,288
Undistributed Expenditures - Administrative Information Technology					
Salaries	184,605	22,501	207,106	206,662	444
Purchased Professional Services	500		500		500
Total Undistributed Expenditures - Administrative Information Te	185,105	22,501	207,606	206,662	944
Undistributed Expenditures - Req. Maint. for School Facilities					
Cleaning, Repair, and Maintenance Services	238,000	7,989	245,989	180,758	65,231
General Supplies	110,000	(9,012)	100,988	74,735	26,253
Total Undistributed Expenditures - Required Maintenance for School Facilities	348,000	(1,023)	346,977	255,493	91,484

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

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
Current Expense (Cont'd)					
Undistributed Expenditures - Custodial Services:					
Salaries	\$ 1,430,965	\$ (63,880)	\$ 1,367,085	\$ 1,334,363	\$ 32,722
Salaries of Non-Instructional Aides	140,000	(10,000)	130,000	120,693	9,307
Cleaning, Repair and Maintenance Services	46,000	8,808	54,808	48,464	6,344
Other Purchased Property Services	91,000	2,649	93,649	78,346	15,303
Insurance	138,100	(11,031)	127,069	127,069	
General Supplies	123,400	76,901	200,301	184,602	15,699
Energy (Natural Gas)	150,000	30,726	180,726	161,885	18,841
Energy (Electricity)	480,000	(19,828)	460,172	420,359	39,813
Energy (Gasoline)	10,000	20	10,020	9,371	649
Total Undistributed Expenditures - Custodial Services	2,609,465	14,365	2,623,830	2,485,152	138,678
Undistributed Expenditures - Care and Upkeep of Grounds					
Salaries	175,897	(174)	175,723	168,901	6,822
Cleaning, Repair and Maintenance Services	15,000	46,472	61,472	38,829	22,643
General Supplies	20,000	(2,386)	17,614	17,614	
Total Undistributed Expenditures - Care and Upkeep of Grounds	210,897	43,912	254,809	225,344	29,465
Undistributed Expenditures - Security					
Salaries	118,424		118,424	108,117	10,307
Purchased Professional and Technical Services	21,000	(2,160)	18,840		18,840
Cleaning, Repair and Maintenance Services	6,000	3,420	9,420	9,420	
General Supplies	16,010	(9,460)	6,550	4,041	2,509
Total Undistributed Expenditures - Security	161,434	(8,200)	153,234	121,578	31,656
Total Operation and Maintenance of Plant Services					
	3,329,796	49,054	3,378,850	3,087,567	291,283
Undistributed Expenditures - Student Transportation Services					
Salaries - Between Home and School - Regular	58,789		58,789	58,513	276
Management Fee - ESC Transportation Program	1,105	(663)	442	442	
Other Purchased Professional and Technical Services	3,315	285	3,600	3,600	
Contracted Services - Aid in Lieu Payments - Non Pub School	56,015	6,231	62,246	57,341	4,905
Contracted Services - Aid in Lieu Payments - Choice Schl	19,561	5,649	25,210	22,500	2,710
Contracted Services - (Between Home and School) - Vendors	865,096	(132,543)	732,553	732,553	
Contracted Services - (Other than Bet Home & School) - Vendors	90,840	(3,871)	86,969	81,908	5,061
Contracted Services (Between Home and School) - Joint Agreeer	20,118	7,366	27,484	26,436	1,048
Contracted Services (Special Education Students) - Vendors	501,311	35,699	537,010	536,856	154
Contracted Services (Reg Education Students) - ESC's	98,921	108,015	206,936	206,936	
Contracted Services (Spec Education Students) - ESC's	358,683	(23,611)	335,072	335,017	55
Transportation Supplies	2,000		2,000	1,992	8
Total Undistributed Expenditures - Student Transportation Serv	2,075,754	2,557	2,078,311	2,064,094	14,217
Unallocated Benefits:					
Social Security Contributions	344,000	44,602	388,602	388,601	1
Other Retirement Contributions - PERS	470,000	117,500	587,500	587,212	288
Workmen's Compensation	336,700	6,372	343,072	343,072	
Health Benefits	4,707,209	279,925	4,987,134	4,566,843	420,291
Tuition Reimbursement	100,000	(15,000)	85,000	62,912	22,088
Other Employee Benefits	360,000	26,000	386,000	358,945	27,055
Total Unallocated Benefits	6,317,909	459,399	6,777,308	6,307,585	469,723
Teacher's Pension & Annuity Fund (On-Behalf - Non-Budgeted)				2,253,904	(2,253,904)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				1,455,749	(1,455,749)
Long-term Disability (On Behalf - Non-Budgeted)				2,763	(2,763)
Reimbursed TPAF Social Security (Non-Budgeted)				1,118,357	(1,118,357)
Total On-Behalf Contributions				4,830,773	(4,830,773)
Total Undistributed Expenditures	19,874,613	993,924	20,868,537	24,755,373	(3,886,836)
Total Current Expense	35,039,748	293,526	35,333,274	38,915,647	(3,582,373)

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variance Positive (Negative) Final to Actual</u>
Capital Outlay					
Increase in Maintenance Reserve	\$ 100	\$ (100)	\$	\$	\$
Interest Deposit on Capital Reserve	100	(100)			
Equipment:					
Special Education - Instruction					
Multiple Disabilities	2,000	2,600	4,600		4,600
School-Sponsored and Other Instructional Programs		6,300	6,300	6,078	222
Undistributed Expenditures:					
Custodial Services	20,000	(1,700)	18,300	12,774	5,526
Total Equipment	<u>22,000</u>	<u>7,200</u>	<u>29,200</u>	<u>18,852</u>	<u>10,348</u>
Facilities Acquisition and Construction Services					
Construction Services	355,000	152,135	507,135	436,817	70,318
Other Objects - Debt Service Assessment	52,666		52,666	52,666	
Total Facilities Acquisition and Construction Services	<u>407,666</u>	<u>152,135</u>	<u>559,801</u>	<u>489,483</u>	<u>70,318</u>
Total Capital Outlay	<u>429,766</u>	<u>159,235</u>	<u>589,001</u>	<u>508,335</u>	<u>80,666</u>
Total Expenditures	<u>35,469,514</u>	<u>452,761</u>	<u>35,922,275</u>	<u>39,423,982</u>	<u>(3,501,707)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,848,115)</u>	<u>(452,766)</u>	<u>(2,300,881)</u>	<u>(271,151)</u>	<u>2,029,730</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers (Out) :					
Capital Outlay Transferred to Projects Fund		(196,215)	(196,215)	(196,215)	
Interest Earned Transferred from Capital Project Fund				865	865
Total Other Financing Sources (Uses):		<u>(196,215)</u>	<u>(196,215)</u>	<u>(195,350)</u>	<u>865</u>
Net Change in Fund Balances	<u>(1,848,115)</u>	<u>(648,981)</u>	<u>(2,497,096)</u>	<u>(466,501)</u>	<u>2,030,595</u>
Fund Balances - Beginning of Year	4,460,492		4,460,492	4,460,492	
Fund Balances - End of Year	<u>\$ 2,612,377</u>	<u>\$ (648,981)</u>	<u>\$ 1,963,396</u>	<u>\$ 3,993,991</u>	<u>\$ 2,030,595</u>
Recapitulation:					
Fund Balances:					
Restricted:					
Capital Reserve				\$ 823,688	
Maintenance Reserve				18,877	
Excess Surplus				739,147	
Assigned Fund Balance:					
Capital Reserve - Designated For Subsequent Year's Expenditures				450,000	
Year-End Encumbrances				251,549	
Excess Surplus Designated For Subsequent Year's Expenditures				439,122	
Designated For Subsequent Year's Expenditures				510,876	
Unassigned				760,732	
				<u>3,993,991</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(2,068,874)</u>	
				<u>\$ 1,925,117</u>	

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources:					
Early Childhood	\$ 678,015		\$ 678,015	\$ 678,015	
Disability Rights		7,650	7,650	7,650	
Total - State Sources	678,015	7,650	685,665	685,665	
Federal Sources:					
Title I	1,134,541	201,079	1,335,620	1,065,524	270,096
Title I - SIA A		208,392	208,392		208,392
Title II	123,068	(27,491)	95,577	95,097	480
Title III	42,809	(859)	41,950	37,261	4,689
Title III - Immigrant	1,611	808	2,419	2,419	
I.D.E.A., Part B	555,598	3,103	558,701	558,701	
I.D.E.A., Part B. Preschool Incentive	21,274	4	21,278	21,278	
Temporary Emergency Impact Aid		109,750	109,750	109,750	
Total - Federal Sources	1,878,901	494,786	2,373,687	1,890,030	483,657
Other Sources:					
Whole Kids		10,358	10,358	6,528	3,830
CASE Grant		9,954	9,954	9,954	
Total - Other Sources		20,312	20,312	16,482	3,830
Total Revenues	2,556,916	522,748	3,079,664	2,592,177	487,487
EXPENDITURES:					
Instruction					
Salaries of Teachers	1,036,280	(147,380)	888,900	869,963	18,937
Other Salaries for Instruction	46,094	132,925	179,019	178,406	613
Purchased Professional and Technical Services	2,335	9,165	11,500	11,500	
Tuition	576,872	(18,171)	558,701	558,701	
General Supplies	49,164	304,504	353,668	157,083	196,585
Textbooks	255	(55)	200		200
Other Objects	198	102	300		300
Total Instruction	1,711,198	281,090	1,992,288	1,775,653	216,635
Support Services:					
Salaries of Teachers	9,698	(6,053)	3,645	3,465	180
Salaries of Principals, Assistant Principals and Program Directors	51,800	28,800	80,600	74,480	6,120
Salaries of Other Professional Staff	98,371	42,433	140,804	137,774	3,030
Salaries of Secretarial and Clerical Assistants	46,054	(3,149)	42,905	42,905	
Other Salaries	70,798	(3,272)	67,526	67,526	
Personal Services - Employee Benefits	185,030	(183,873)	1,157	1,157	
Medical Benefits	72,065	135,258	207,323	207,323	
Other Employee Benefits	126,008	41,609	167,617	165,408	2,209
Purchased Professional - Technical Services					
Purchased Professional - Educational Services	171,110	181,123	352,233	97,128	255,105
Travel		300	300	40	260
Other Purchased Services (400-500 Series)	1,615	(404)	1,211	647	564
General Supplies	1,700	1,800	3,500	3,285	215
Miscellaneous Expenditures	11,469	2,555	14,024	10,855	3,169
Total Support Services	845,718	237,127	1,082,845	811,993	270,852
Facilities Acquisition and Construction					
Instructional Equipment		4,531	4,531	4,531	
Total Expenditures	2,556,916	522,748	3,079,664	2,592,177	487,487
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

	<u>Ref</u>	<u>General Fund</u>	<u>Ref</u>		<u>Special Revenue Fund</u>
Sources/Inflows of Resources:					
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	[C-1]	\$ 39,152,831	[C-2]	\$	2,592,177
 Difference - Budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		2,067,950			76,693
The last State aid payment is recognized for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).		<u>(2,068,874)</u>			<u>(67,802)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 39,151,907</u>	[B-2]	\$	<u>2,601,068</u>
 Uses/Outflows of Resources:					
Actual amounts (budgetary basis) "total expenditures" and "financing uses" from the budgetary comparison schedule.	[C-1]	\$ 39,423,982	[C-2]	\$	2,592,177
 Differences - Budget to GAAP;					
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.					
 Transfers to other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers to the General Fund.					
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 39,423,982</u>	[B-2]	\$	<u>2,592,177</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT

Schedules of Required Supplementary Information Part III

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

Public Employee's Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.062099%	0.060805%	0.061391%	0.059992%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 14,455,581	\$ 18,008,632	\$ 13,780,972	\$ 11,232,180
District's Covered-Employee Payroll	\$ 3,829,626	\$ 4,112,593	\$ 4,248,578	\$ 4,139,246
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	377.47%	437.89%	324.37%	271.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	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.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Public Employee's Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 585,030	\$ 543,474	\$ 527,795	\$ 494,567
Contributions in Relation to the Contractually Required Contribution	<u>(585,030)</u>	<u>(543,474)</u>	<u>(527,795)</u>	<u>(494,567)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 3,829,626	\$ 4,112,593	\$ 4,248,578	\$ 4,139,246
Contributions as a Percentage of Covered-Employee Payroll	15.28%	13.21%	12.42%	11.95%

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT

Schedules of Required Supplementary Information

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

Teachers Pension Plan

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.155944%	0.156891%	0.154707%	0.164519%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 105,142,931	\$ 123,420,739	\$ 97,781,586	\$ 87,929,793
District's Covered-Employee Payroll	\$ 15,407,146	\$ 15,473,667	\$ 15,423,386	\$ 15,866,952
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	682.43%	797.62%	633.98%	554.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	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.

PENNS GROVE-CARNEYS POINT REGIONAL 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**

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
Pension Schedules

For the Fiscal Year Ended June 30, 2018

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.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 4,281,335
Interest	3,169,028
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(13,366,405)
Member contributions	85,182
Benefit payments	(2,313,310)
Net change in total OPEB liability	<u>(8,144,170)</u>
Total OPEB liability - beginning	<u>108,018,858</u>
Total OPEB liability - ending	<u>\$ 99,874,688</u>
Covered-employee payroll	<u>\$ 19,236,772</u>
Total OPEB liability as a percentage of covered-employee payroll	519.19%

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions: The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

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.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)

	N.C.L.B.				Total Carried Forward
	Title I Part A	Title II A Training	Title III Immigrant	Title III	
	2017-2018	2017-2018	2017-2018	2017-2018	
REVENUES:					
Federal Sources	\$ 1,065,524	\$ 95,097	\$ 2,419	\$ 37,261	\$ 1,200,301
State Sources					
Other					
Total Revenues	\$ 1,065,524	\$ 95,097	\$ 2,419	\$ 37,261	\$ 1,200,301
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 477,880	\$	\$	\$	\$ 477,880
Other Salaries for Instruction	38,819			14,228	53,047
Purchased Professional Technical Services	11,500				11,500
General Supplies	130,099		2,419	8,083	140,601
Total Instruction	658,298		2,419	22,311	683,028
Support Services:					
Salaries of Teachers	2,565	900			3,465
Salaries of Principals	22,680				22,680
Salaries of Other Professional Staff	67,094				67,094
Personal Services - Employee Benefits		69		1,088	1,157
Medical Benefits	133,847			13,119	146,966
Other Employee Benefits	163,956				163,956
Purchased Professional - Educational Services	3,000	94,128			97,128
Travel				40	40
Other Purchased Services (400-500)	149			498	647
Supplies	3,285				3,285
Miscellaneous Expenditures	10,650			205	10,855
Total Support Services	407,226	95,097		14,950	517,273
Total Expenditures	1,065,524	95,097	2,419	37,261	1,200,301
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$	\$	\$	\$	\$

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)

	Total Brought Forward	I.D.E.A. Part B		Temporary Emergency Impact Aid	Total Carried Forward
		Basic 2017-2018	Preschool 2017-2018		
REVENUES:					
Federal sources	\$ 1,200,301	\$ 558,701	\$ 21,278	\$ 109,750	\$ 1,890,030
State Sources					
Local Sources					
Total Revenues	\$ 1,200,301	\$ 558,701	\$ 21,278	\$ 109,750	\$ 1,890,030
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 477,880	\$	\$	\$	\$ 477,880
Other Salaries for Instruction	53,047		18,974	106,385	178,406
Purchased Professional Technical Services	11,500				11,500
Tuition		558,701			558,701
General Supplies	140,601				140,601
Total Instruction	683,028	558,701	18,974	106,385	1,367,088
Support Services:					
Salaries of Teachers	3,465				3,465
Salaries of Principals	22,680				22,680
Salaries of Other Professional Staff	67,094				67,094
Personal Services - Employee Benefits	1,157				1,157
Medical Benefits	146,966		852	3,365	151,183
Other Employee Benefits	163,956		1,452		165,408
Purchased Professional - Educational Services	97,128				97,128
Travel	40				40
Other Purchased Services (400-500 Series)	647				647
General Supplies	3,285				3,285
Miscellaneous Expenditures	10,855				10,855
Total Support Services	517,273		2,304	3,365	522,942
Total Expenditures	1,200,301	558,701	21,278	109,750	1,890,030
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

District-Wide Total

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 392,083	\$ 392,083	\$
Total Instruction	392,083	392,083	
Support Services:			
Salaries of Principals	51,800	51,800	
Salaries of Other Professional Staff	70,680	70,680	
Salaries of Secretarial/Clerical Assistants	42,905	42,905	
Other Salaries	64,407	64,407	
Medical Benefits	56,140	56,140	
Total Support Services	285,932	285,932	
Total Expenditures	\$ 678,015	\$ 678,015	\$

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2017-2018 Preschool Education Aid Allocation	\$ 678,015	(1)
Add: Actual ECPA Carryover (June 30, 2017)		(2)
Add: Budgeted Transfer from the General Fund 2017-18		(3)
Total Preschool Education Aid Funds Available for 2017-2018 Budget	678,015	(4)
Less: 2017-2018 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	(678,015)	(5)
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2018		(6)
Add: June 30, 2018 Unexpended Preschool Education Aid		(7)
Less: 2017-18 Commissioner-approved Transfer to the General Fund		(8)
2017-18 Carryover - Preschool Education Aid/Preschool Programs	\$	(9)
2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs 2018-19	\$	(10)

CAPITAL PROJECTS FUND DETAIL STATEMENT

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

DOE Project Number	Issue/Project Title	Date	Appropriations	Adjusted/ Cancelled	Expenditures to Date		Unexpended Balance 6/30/18	Memo Only		
					Prior Year	Current Year		Encumbrances	Available Balance	
4070-50-10-1004	Science Lab & Auditorium Upgrade at Penns Grove High School		\$ 3,000,000	\$ (203,404)	\$ 2,796,596	\$	\$	\$		
	Parking Lot Improvements at the Lafayette-Pershing School			62,124	57,948		4,176		4,176	
N/A	Site Expansion at Lafayette-Pershing Elementary School	4/13/15	291,189				291,189		291,189	
4070-050-14-1001	Penns Grove HS HVAC	4/13/15	2,799,962		2,315,001	484,961				
4070-050-14-1002	Penns Grove HS Renovation	4/13/15	4,146,283		4,139,467	6,816				
4070-080-14-1003	Paul W. Carleton ES Renovation	4/13/15	660,650		353,441	307,209				
4070-080-14-1004	Paul W. Carleton HVAC	4/13/15	1,649,780		865,340	784,440				
4070-090-14-1005	Field Street ES HVAC	4/13/15	1,673,388		1,399,344	274,044				
4070-090-14-1006	Field Street ES Renovation	4/13/15	583,164		1,195,636	(612,472)				
4070-100-14-1007	Lafayette-Pershing ES Roof; Ext Doors	4/13/15	512,523		504,195	8,328				
4070-105-14-1008	Penns Grove MS Renovation	4/13/15	5,866,495		3,832,546	2,033,949				
4070-105-14-1009	Penns Grove MS Roof	4/13/15	16,075		14,500	1,575				
4070-105-14-1010	Penns Grove MS HVAC	4/13/15	69,970		64,900	5,070				
4070-105-14-1011	Penns Grove MS HVAC - Admin Off	4/13/15	1,131		1,102	29				
			<u>\$ 21,270,610</u>	<u>\$ (141,280)</u>	<u>\$ 17,540,016</u>	<u>\$ 3,293,949</u>	<u>\$ 295,365</u>	<u>\$</u>	<u>\$ 295,365</u>	
			Unearned SDA Grant Fund Balance				\$	295,365		
							\$	<u>295,365</u>		

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018

**Revenues and Other Financing
Sources**

State Sources - SDA Grant	\$	(2,035,193)
Transfer from Capital Reserve		196,215
Interest Income		865
Total Revenues		<u>(1,838,113)</u>

**Expenditures and Other Financing
Uses**

Other Professional and Technical Services	\$	128,715
Construction Services		3,165,234
Other Costs		
Total Expenditures		<u>3,293,949</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Transfers		(5,132,062)
Transfer of Interest Income to General Fund		(865)
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(5,132,927)</u>
Fund Balance - Beginning		<u>5,428,292</u>
Fund Balance - Ending	\$	<u><u>295,365</u></u>

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RENOVATION OF AUDITORIUM AND SCIENCE LABS AT PENNS GROVE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Maintenance Reserve	\$ 224	\$	\$ 224	\$ 224
Transferred from Other Projects by Authorizing Resolution	9,466		9,466	9,466
Transfer from Capital Reserve	775,000		775,000	775,000
State Sources - SDA Grant	2,008,082		2,008,082	2,008,082
Bond Proceeds & Transfers	8,000		8,000	8,000
Total Revenues	2,800,772		2,800,772	2,800,772
Expenditures and Other Financing Uses				
Other Professional and Technical Services	203,789		203,789	203,789
Construction Services	2,549,808		2,549,808	2,491,860
General Supplies	7,009		7,009	7,009
Equipment Purchases	6,971		6,971	6,971
Other Costs	29,019		29,019	91,143
Total Expenditures	2,796,596		2,796,596	2,800,772
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 4,176	\$	\$ 4,176	\$ -

Additional project information:

DOE Project Number	4070-050-10-1004
Grant Date	4/5/12
Original Authorization Cost	\$3,000,000
Additional Authorized Cost	(199,228)
Revised Authorized Cost	2,800,772
Percentage Decrease over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	11/15/2012
Revised Target Completion Date	N/A

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
HVAC UPGRADES AT PENNS GROVE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,803,764	\$	\$ 1,803,764	\$ 1,803,764
Bond Proceeds & Transfers	842,336	87,967	930,303	930,303
Capital Reserve		65,895	65,895	65,895
Total Revenues	<u>2,646,100</u>	<u>153,862</u>	<u>2,799,962</u>	<u>2,799,962</u>
Expenditures and Other Financing Uses				
Other Professional and Technical Services	161,965	25,675	187,640	187,640
Construction Services	2,146,291	459,286	2,605,577	2,605,577
Other Costs	6,745		6,745	6,745
Total Expenditures	<u>2,315,001</u>	<u>484,961</u>	<u>2,799,962</u>	<u>2,799,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 331,099</u>	<u>\$ (331,099)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

DOE Project Number	4070-050-14-1001
SDA Project Number	4070-050-14-G2NH
Grant Date	4/13/15
Original Authorization Cost	\$2,646,100
Additional Authorized Cost	153,862
Revised Authorized Cost	2,799,962
Percentage Increase over Original Authorized Cost	5.8%
Percentage Completion	100%
Original Target Completion Date	9/2016
Revised Target Completion Date	6/2018

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS AT PENNS GROVE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 3,241,854	\$ (\$415,461)	\$ 2,826,393	\$ 2,826,393
Bond Proceeds & Transfers	1,513,906	(194,016)	1,319,890	1,319,890
Total Revenues	<u>4,755,760</u>	<u>(609,477)</u>	<u>4,146,283</u>	<u>4,146,283</u>
Expenditures and Other Financing Uses				
Other Professional and Technical Services	338,780	20,423	359,203	359,203
Construction Services	3,780,187	(13,607)	3,766,580	3,766,580
Other Costs	20,500		20,500	20,500
Total Expenditures	<u>4,139,467</u>	<u>6,816</u>	<u>4,146,283</u>	<u>4,146,283</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 616,293</u>	<u>\$ (616,293)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

DOE Project Number	4070-050-14-1002
SDA Project Number	4070-050-14-G2JL
Grant Date	4/13/15
Original Authorization Cost	\$4,755,760
Additional Authorized Cost	
Revised Authorized Cost	4,146,283
Percentage Decrease over Original Authorized Cost	-12.8%
Percentage Completion	100%
Original Target Completion Date	9/2017
Revised Target Completion Date	6/2018

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS AT PAUL W. CARLETON ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 346,561	\$	\$ 346,561	\$ 346,561
Bond Proceeds & Transfers	161,839		161,839	161,839
Capital Reserve		152,250	152,250	152,250
Total Revenues	508,400	152,250	660,650	660,650
Expenditures and Other Financing Uses				
Other Professional and Technical Services	25,885	6,657	32,542	32,542
Construction Services	327,556	300,552	628,108	628,108
Other Costs				
Total Expenditures	353,441	307,209	660,650	660,650
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 154,959	\$ (154,959)	\$ -	\$ -

Additional project information:

Doe Project Number	4070-080-14-1003
SDA Project Number	4070-080-14-G2JM
Grant Date	4/13/15
Original Authorization Cost	\$508,400
Additional Authorized Cost	152,250
Revised Authorized Cost	660,650
Percentage Increase over Original Authorized Cost	29.9%
Percentage Completion	100%
Original Target Completion Date	9/2016
Revised Target Completion Date	6/2018

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
HVAC UPGRADES AT PAUL W. CARLETON ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 706,345	\$	\$ 706,345	\$ 706,345
Bond Proceeds & Transfers	329,855	613,580	943,435	943,435
Total Revenues	<u>1,036,200</u>	<u>613,580</u>	<u>1,649,780</u>	<u>1,649,780</u>
Expenditures and Other Financing Uses				
Other Professional and Technical Services	59,714	6,992	66,706	66,706
Construction Services	799,138	777,448	1,576,586	1,576,586
Other Costs	6,488		6,488	6,488
Total Expenditures	<u>865,340</u>	<u>784,440</u>	<u>1,649,780</u>	<u>1,649,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 170,860</u>	<u>\$ (170,860)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

DOE Project Number	4070-080-14-1004
SDA Project Number	4070-080-14-G2NI
Grant Date	4/13/15
Original Authorization Cost	\$1,036,200
Additional Authorized Cost	613,580
Revised Authorized Cost	1,649,780
Percentage Increase over Original Authorized Cost	59.2%
Percentage Completion	100%
Original Target Completion Date	9/2016
Revised Target Completion Date	6/2018

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
HVAC UPGRADES AT FIELD STREET ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing				
Sources				
State Sources - SDA Grant	\$ 990,533	\$	\$ 990,533	\$ 990,533
Bond Proceeds & Transfers	462,567	220,288	682,855	682,855
Total Revenues	1,453,100	220,288	1,673,388	1,673,388
Expenditures and Other Financing				
Uses				
Other Professional and Technical Services	78,330	13,253	91,583	91,583
Construction Services	1,319,209	260,791	1,580,000	1,580,000
Other Costs	1,805		1,805	1,805
Total Expenditures	1,399,344	274,044	1,673,388	1,673,388
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 53,756	\$ (53,756)	\$ -	\$ -

Additional project information:

DOE Project Number	4070-090-14-1005
SDA Project Number	4070-090-14-G2NJ
Grant Date	4/13/15
Original Authorization Cost	\$1,453,100
Additional Authorized Cost	220,288
Revised Authorized Cost	1,673,388
Percentage Increase over Original Authorized Cost	15.2%
Percentage Completion	100%
Original Target Completion Date	7/2017
Revised Target Completion Date	6/2018

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS AT FIELD STREET ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 979,961	\$ (582,436)	\$ 397,525	\$ 397,525
Bond Proceeds & Transfers	457,629	(271,990)	185,639	185,639
Total Revenues	<u>1,437,590</u>	<u>(854,426)</u>	<u>583,164</u>	<u>583,164</u>
Expenditures and Other Financing Uses				
Other Professional and Technical Services	89,406	5,838	95,244	95,244
Construction Services	1,104,495	(618,310)	486,185	486,185
Other Costs	1,735		1,735	1,735
Total Expenditures	<u>1,195,636</u>	<u>(612,472)</u>	<u>583,164</u>	<u>583,164</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 241,954</u>	<u>\$ (241,954)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

DOE Project Number	4070-090-14-1006
SDA Project Number	4070-090-14-G3JN
Grant Date	4/13/15
Original Authorization Cost	\$1,437,590
Additional Authorized Cost	(854,426)
Revised Authorized Cost	583,164
Percentage Decrease over Original Authorized Cost	-59.4%
Percentage Completion	100%
Original Target Completion Date	9/2016
Revised Target Completion Date	6/2018

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RENOVATION OF ROOF AND EXTERIOR DOORS AT LAFAYETTE-PERSHING ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 466,909	\$ (117,538)	\$ 349,371	\$ 349,371
Bond Proceeds & Transfers	218,041	(54,889)	163,152	163,152
Total Revenues	684,950	(172,427)	512,523	512,523
Expenditures and Other Financing Uses				
Other Professional and Technical Services	47,219	2,798	50,017	50,017
Construction Services	456,976	5,530	462,506	462,506
Other Costs				
Total Expenditures	504,195	8,328	512,523	512,523
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 180,755	\$ (180,755)	\$ -	\$ -

Additional project information:

DOE Project Number	4070-100-14-1007
SDA Project Number	4070-100-14-G2NK
Grant Date	4/13/15
Original Authorization Cost	\$684,950
Additional Authorized Cost	(172,427)
Revised Authorized Cost	512,523
Percentage Decrease over Original Authorized Cost	-25.2%
Percentage Completion	100%
Original Target Completion Date	9/2016
Revised Target Completion Date	6/2018

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS AT PENNS GROVE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 4,857,573	\$ (858,565)	\$ 3,999,008	\$ 3,999,008
Bond Proceeds & Transfers	2,013,827	(400,940)	1,612,887	1,612,887
Transfer from Capital Reserve	254,599	1	254,600	254,600
Total Revenues	7,125,999	(1,259,504)	5,866,495	5,866,495
Expenditures and Other Financing Uses				
Other Professional and Technical Services	447,113	43,615	490,728	490,728
Construction Services	3,335,497	1,994,195	5,329,692	5,329,692
Other Costs	49,936	(3,861)	46,075	46,075
Total Expenditures	3,832,546	2,033,949	5,866,495	5,866,495
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 3,293,453	\$ (3,293,453)	-	\$ -

Additional project information:

DOE Project Number	4070-105-14-1008
SDA Project Number	4070-105-14-G3JO
Grant Date	4/13/15
Original Authorization Cost	\$7,125,999
Additional Authorized Cost	(1,259,504)
Revised Authorized Cost	5,866,495
Percentage Decrease over Original Authorized Cost	-17.7%
Percentage Completion	100%
Original Target Completion Date	9/2017
Revised Target Completion Date	6/2018

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
PARTIAL ROOF REPLACEMENT AT PENNS GROVE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 9,884	\$ -	\$ 9,884	\$ 9,884
Transfer from Capital Reserve	4,616	1,575	6,191	6,191
Total Revenues	14,500	1,575	16,075	16,075
Expenditures and Other Financing Uses				
Other Professional and Technical Services	77	998	1,075	1,075
Construction Services	14,423	577	15,000	15,000
Other Costs				
Total Expenditures	14,500	1,575	16,075	16,075
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

Additional project information:

DOE Project Number	4070-105-14-1009
SDA Project Number	4070-105-14-G2NL
Grant Date	4/13/15
Original Authorization Cost	\$14,500
Additional Authorized Cost	1,575
Revised Authorized Cost	16,075
Percentage Increase over Original Authorized Cost	10.9%
Percentage Completion	100%
Original Target Completion Date	9/2016
Revised Target Completion Date	6/2018

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
HVAC UPGRADES AT PENNS GROVE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 44,240	\$	\$ 44,240	\$ 44,240
Transfer from Capital Reserve	20,660	5,070	25,730	25,730
Total Revenues	<u>64,900</u>	<u>5,070</u>	<u>69,970</u>	<u>69,970</u>
Expenditures and Other Financing Uses				
Other Professional and Technical Services		1,865	1,865	1,865
Construction Services	64,900		64,900	64,900
Other Costs		3,205	3,205	3,205
Total Expenditures	<u>64,900</u>	<u>5,070</u>	<u>69,970</u>	<u>69,970</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

Additional project information:

DOE Project Number	4070-105-14-1010
SDA Project Number	4070-105-14-G2NM
Grant Date	4/13/15
Original Authorization Cost	\$64,900
Additional Authorized Cost	5,070
Revised Authorized Cost	69,970
Percentage Increase over Original Authorized Cost	7.8%
Percentage Completion	100%
Original Target Completion Date	9/2015
Revised Target Completion Date	6/2018

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
HVAC UPGRADES- ADMINISTRATIVE OFFICES AT PENNS GROVE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 61,964	\$ (61,193)	\$ 771	\$ 771
Transfer from Capital Reserve	28,936	(28,576)	360	360
Total Revenues	90,900	(89,769)	1,131	1,131
Expenditures and Other Financing Uses				
Other Professional and Technical Services	530	601	1,131	1,131
Construction Services	572	(572)		
Total Expenditures	1,102	29	1,131	1,131
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 89,798	\$ (89,798)	\$ -	\$ -

Additional project information:

DOE Project Number	4070-105-14-1011
SDA Project Number	4070-105-14-G3JP
Grant Date	4/13/15
Original Authorization Cost	\$90,900
Additional Authorized Cost	(89,769)
Revised Authorized Cost	1,131
Percentage Decrease over Original Authorized Cost	-98.8%
Percentage Completion	100%
Original Target Completion Date	9/2017
Revised Target Completion Date	6/2018

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
SITE EXPANSION AT LAFAYETTE-PERSHING ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 291,189	\$	\$ 291,189	\$ 291,189
Total Revenues	<u>291,189</u>		<u>291,189</u>	<u>291,189</u>
Expenditures and Other Financing Uses				
Other Professional and Technical Services				
Construction Services				
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 291,189</u>	<u>\$</u>	<u>\$ 291,189</u>	<u>\$ 291,189</u>

Additional project information:

Original Authorization Cost	\$291,189
Additional Authorized Cost	
Revised Authorized Cost	291,189
Percentage Decrease over Original Authorized Cost	N/A
Percentage Completion	0%
Original Target Completion Date	6/2016
Revised Target Completion Date	6/2019

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.**

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2018
(with comparative totals for June 30, 2017)

	<u>Food Service</u>	<u>Academy Program</u>	<u>Totals 2018</u>	<u>Totals 2017</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 19,910	\$	\$ 19,910	\$ 9,361
Accounts Receivable:				
State	1,539		1,539	759
Federal	114,859		114,859	62,507
Other	7,592		7,592	2,907
Interfund Accounts Receivable	435,929	164,190	600,119	492,328
Inventories	26,669		26,669	33,983
Total Current Assets	606,498	164,190	770,688	601,845
Non Current Assets:				
Furniture, Machinery and Equipment	807,742	30,118	837,860	811,627
Less: Accumulated Depreciation	(647,214)	(25,094)	(672,308)	(655,543)
Total Non Current Assets	160,528	5,024	165,552	156,084
Total Assets	\$ 767,026	\$ 169,214	\$ 936,240	\$ 757,929
LIABILITIES				
Current Liabilities:				
Compensated Absences Payable	\$	\$	\$	\$
Accounts Payable	50,387		50,387	51,221
Unearned Revenue	21,989		21,989	20,204
Total Current Liabilities	72,376		72,376	71,425
Non-Current Liabilities:				
Compensated Absences	5,815		5,815	10,510
Total Liabilities	78,191		78,191	81,935
NET POSITION				
Investment in Capital Assets Net of Related Debt	160,528	5,024	165,552	156,084
Unrestricted	528,307	164,190	692,497	519,910
Total Net Position	\$ 688,835	\$ 169,214	\$ 858,049	\$ 675,994

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(with comparative totals for June 30, 2017)

	Food Service	Academy Program	Totals	
			2018	2017
OPERATING REVENUES:				
Local Sources:				
Daily Sales-Reimbursable Programs:				
School Lunch Program	\$ 101,170	\$	\$ 101,170	\$ 109,774
Total Daily Sales-Reimbursable Programs	101,170		101,170	109,774
Daily Sales Non-Reimbursable Programs	119,481		119,481	126,677
Special Functions	8,900		8,900	10,491
Miscellaneous				
Academy Tuition		285,842	285,842	134,055
Total Operating Revenue	229,551	285,842	515,393	380,997
OPERATING EXPENSES:				
Salaries	575,406	28,605	604,011	580,697
Employee Benefits	49,710		49,710	95,165
Employee Property Services	50,168		50,168	45,799
General Supplies	32,129		32,129	29,629
Depreciation	14,758	2,007	16,765	15,702
Transportation		114	114	
Tuition		116,500	116,500	151,100
Miscellaneous	276	2,678	2,954	4,209
Cost of Sales - Reimbursable	453,285		453,285	467,858
Cost of Sales - Non Reimbursable	53,575		53,575	57,625
Total Operating Expenses	1,229,307	149,904	1,379,211	1,447,784
Operating Loss	(999,756)	135,938	(863,818)	(1,066,787)
Non-Operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	12,892		12,892	12,704
Federal Sources:				
National School Breakfast Program	224,688		224,688	237,375
National School Lunch Program	687,267		687,267	676,660
National Snack Program	12,709		12,709	10,632
Fruit and Vegetable Grant				20,150
Food Distribution Program	82,005		82,005	112,668
NSLP Equipment Assistance Grant	26,233		26,233	
Local Grant:				
Interest and Investment Revenue	79		79	82
Total Non-Operating Revenues (Expenses)	1,045,873		1,045,873	1,070,271
Change in Net Position	46,117	135,938	182,055	3,484
Total Net Position-July 1	642,718	33,276	675,994	672,510
Total Net Position-June 30	\$ 688,835	\$ 169,214	\$ 858,049	\$ 675,994

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(with comparative totals for June 30, 2017)

	<u>Food</u>	<u>Academy</u>	<u>Totals</u>	
	<u>Service</u>	<u>Program</u>	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 229,551	\$ 285,842	\$ 515,393	\$ 380,997
Payments to Employees	(575,406)	(28,605)	(604,011)	(580,697)
Payments for Employee Benefits	(49,710)		(49,710)	(95,165)
Payments to Suppliers	(531,521)	(257,237)	(788,758)	(628,763)
Net Cash Provided by (Used for) Operating Activities	<u>(927,086)</u>		<u>(927,086)</u>	<u>(923,628)</u>
Cash Flows from Non-Capital Financing Activities:				
State Sources	12,892		12,892	12,704
Federal Sources	950,897		950,897	944,817
Local Sources				
Total Cash Provided by Non-Capital Financing Activities	<u>963,789</u>		<u>963,789</u>	<u>957,521</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(26,233)		(26,233)	(46,021)
Net Cash Provided by (Used For) Capital and Related Financing Activities	<u>(26,233)</u>		<u>(26,233)</u>	<u>(46,021)</u>
Net Increase Before Investing Activities	10,470		10,470	(12,128)
Cash Flows from Investing Activities:				
Interest on Investments	79		79	82
Net Cash Provided by Investing Activities	<u>79</u>		<u>79</u>	<u>82</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	10,549		10,549	(12,046)
Cash and Cash Equivalents, July 1	9,361		9,361	21,407
Cash and Cash Equivalents, June 30	<u>\$ 19,910</u>		<u>\$ 19,910</u>	<u>\$ 9,361</u>
Operating Income (Loss)	\$ (999,756)	\$ 135,938	\$ (863,818)	\$ (1,066,787)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities				
Depreciation	14,758	2,007	16,765	15,702
Federal Commodities Food Distribution	82,005		82,005	112,668
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(57,817)		(57,817)	12,911
(Increase)/Decrease in Inventory	7,314		7,314	(5,339)
(Increase)/Decrease in Interfund Receivable	30,154	(137,945)	(107,791)	(23,100)
Increase/(Decrease) in Accounts Payable	(834)		(834)	36,541
Increase/(Decrease) in Compensated Absences Payable	(4,695)		(4,695)	(1,480)
Increase/(Decrease) in Unearned Revenue	1,785		1,785	(4,744)
Total Adjustments	<u>72,670</u>	<u>(135,938)</u>	<u>(63,268)</u>	<u>143,159</u>
Net Cash Used by Operating Activities	<u>\$ (927,086)</u>		<u>\$ (927,086)</u>	<u>\$ (923,628)</u>

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Food Service Director Services</u>
OPERATING REVENUES:	
Charges for Service:	
Service Provided to Other LEAs	
Food Service Director Services	\$ 8,900
Total Operating Revenue	<u>8,900</u>
OPERATING EXPENSES:	
Salaries	<u>8,900</u>
Total Operating Expenses	<u>8,900</u>
Change in Net Position	<u> </u>
Net Position - July 1	<u> </u>
Net Position - June 30	<u>\$ <u> </u></u>

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

(with comparative totals for June 30, 2017)

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Totals</u>	
	<u>School Uniform Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>2018</u>	<u>2017</u>
ASSETS:						
Cash and Cash Equivalents	\$ 2,248	\$ 174,110	\$ 52,731	\$ 398,997	\$ 628,086	\$ 684,768
Accounts Receivable			3,165		3,165	1,245
Total Assets	\$ 2,248	\$ 174,110	\$ 55,896	\$ 398,997	\$ 631,251	\$ 686,013
LIABILITIES, RESERVES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$	\$ 10,427	\$	\$	\$ 10,427	\$ 7,681
Due to Student Groups			55,896		55,896	51,319
Payroll Deductions and Withholdings				325,732	325,732	392,173
Employee Sec 125 Plan				73,265	73,265	87,389
Total Liabilities		10,427	55,896	398,997	465,320	538,562
Net Position:						
Held in Trust for Unemployment Claims and Other Purposes	2,248	163,683			165,931	147,451
Total Net Position	2,248	163,683			165,931	147,451
Total Liabilities, Reserves and Net Position	\$ 2,248	\$ 174,110	\$ 55,896	\$ 398,997	\$ 631,251	\$ 686,013

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>School Uniform Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Total</u>
ADDITIONS:			
Contributions:			
Employee Deductions	\$	\$ 48,469	\$ 48,469
District Contributions		56,802	56,802
Total Contributions		105,271	105,271
Investment Earnings:			
Interest		292	292
Total Additions		105,563	105,563
DEDUCTIONS:			
Uniforms	142		142
Unemployment Claims		86,941	86,941
Total Deductions	142	86,941	87,083
Change in Net Position	(142)	18,622	18,480
Net Position - July 1	2,390	145,061	147,451
Net Position - June 30	\$ 2,248	\$ 163,683	\$ 165,931

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Accounts Receivable	Accounts Payable	Balance June 30, 2018
CARLETON SCHOOL	\$ 9,873	\$ 8,630	\$ 10,010	\$	\$	\$ 8,493
Total Carleton School	<u>9,873</u>	<u>8,630</u>	<u>10,010</u>			<u>8,493</u>
MIDDLE SCHOOL						
General Account	688	18,672	18,816	565		1,109
Total Middle School	<u>688</u>	<u>18,672</u>	<u>18,816</u>	<u>565</u>		<u>1,109</u>
HIGH SCHOOL						
General Account	40,154	162,812	159,329	2,600		46,237
Future Farmers of America	604	5,371	5,918			57
Petty Cash		500	500			
Total High School	<u>40,758</u>	<u>168,683</u>	<u>165,747</u>			<u>46,294</u>
Total All Schools	<u>\$ 51,319</u>	<u>\$ 195,985</u>	<u>\$ 194,573</u>	<u>\$ 565</u>	<u>\$</u>	<u>\$ 55,896</u>

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1,</u> <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 479,562	\$ 23,426,321	\$ 23,506,886	\$ 398,997
Total Assets	<u>\$ 479,562</u>	<u>\$ 23,426,321</u>	<u>\$ 23,506,886</u>	<u>\$ 398,997</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 392,173	\$ 11,702,539	\$ 11,768,980	\$ 325,732
Employee Section 125 Plan	87,389	167,290	181,414	73,265
Net Payroll		11,556,492	11,556,492	
Total Liabilities	<u>\$ 479,562</u>	<u>\$ 23,426,321</u>	<u>\$ 23,506,886</u>	<u>\$ 398,997</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.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
LONG TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2018

<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, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Refunding School Bonds, Series 2015	11/13/14	\$ 3,810,000	3/1/19	\$ 770,000	2.000%	\$ 2,290,000		\$ 755,000	\$ 1,535,000
			3/1/20	765,000	2.000%				
Improvements and Renovations to Penns Grove High School, Middle School, Paul Carlton Elementary School, Field St. Elementary School, Lafayette- Pershing Elementary School, Necessary Furniture, Equip. Site Work & Land Acquisition	2/18/15	6,000,000	3/1/19-20	180,000	2.000%	5,820,000		180,000	5,640,000
			3/1/21-31	360,000	3.000%				
			3/1/32-35	330,000	3.250%				
						<u>\$ 8,110,000</u>	<u>\$</u>	<u>\$ 935,000</u>	<u>\$ 7,175,000</u>

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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	\$ 771,386	\$ 1	\$ 771,387	\$ 771,387	
State Sources:					
Debt Service Aid Type II	383,638		383,638	383,638	
Total Revenues	<u>1,155,024</u>	<u>1</u>	<u>1,155,025</u>	<u>1,155,025</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	220,024	1	220,025	220,025	
Redemption of Principal	935,000		935,000	935,000	
Total expenditures	<u>1,155,024</u>	<u>1</u>	<u>1,155,025</u>	<u>1,155,025</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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 27,448,315	\$ 23,408,192	\$ 15,627,700	\$ 9,195,641	\$ 13,497,052	\$ 12,855,438	\$ 12,779,473	\$ 9,833,365	\$ 9,063,530	\$ 6,153,613
Restricted (Deficit)	2,766,199	(296,966)	4,537,223	7,646,341	2,205,622	2,199,963	2,241,158	2,953,546	3,745,437	3,549,365
Unrestricted (Deficit)	(14,755,394)	(14,491,773)	(13,115,830)	(12,997,104)	(1,883,674)	(1,576,577)	(1,569,361)	(1,879,345)	(2,497,600)	(2,099,580)
Total Governmental Activities Net Position	\$ 15,459,120	\$ 8,619,453	\$ 7,049,092	\$ 3,844,878	\$ 13,819,000	\$ 13,478,824	\$ 13,451,270	\$ 10,907,566	\$ 10,311,367	\$ 7,603,398
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 165,552	\$ 156,084	\$ 125,765	\$ 104,005	\$ 104,128	\$ 119,590	\$ 135,615	\$ 122,865	\$ 139,845	\$ 128,735
Restricted										
Unrestricted	692,497	519,910	546,745	451,208	356,362	279,788	251,543	349,715	394,749	363,562
Total Business-Type Activities Net Position	\$ 858,049	\$ 675,994	\$ 672,510	\$ 555,213	\$ 460,490	\$ 399,378	\$ 387,158	\$ 472,580	\$ 534,594	\$ 492,297
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 27,613,867	\$ 23,564,276	\$ 15,753,465	\$ 9,299,646	\$ 13,601,180	\$ 12,975,028	\$ 12,915,088	\$ 9,956,230	\$ 9,203,375	\$ 6,282,348
Restricted (Deficit)	2,766,199	(296,966)	4,537,223	7,646,341	2,205,622	2,199,963	2,241,158	2,953,546	3,745,437	3,549,365
Unrestricted (Deficit)	(14,062,897)	(13,971,863)	(12,569,085)	(12,545,896)	(1,527,312)	(1,296,789)	(1,317,818)	(1,529,630)	(2,102,851)	(1,736,018)
Total District-Wide Net Position	\$ 16,317,169	\$ 9,295,447	\$ 7,721,602	\$ 4,400,091	\$ 14,279,490	\$ 13,878,202	\$ 13,838,428	\$ 11,380,146	\$ 10,845,961	\$ 8,095,695

Source: CAFR Schedule A-1

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities										
Instruction										
Regular	\$ 11,079,309	11,153,402	11,090,323	11,790,222	11,848,422	11,559,741	11,826,681	11,790,076	13,172,703	11,697,895
Special Education	3,791,463	3,596,789	3,533,262	3,514,081	3,520,467	3,447,917	3,428,834	3,462,879	3,264,593	3,179,272
Other Special Instruction	937,894	1,204,604	1,157,768	1,127,423	1,114,718	1,134,233	1,191,432	1,239,244	1,153,040	886,130
Other Instruction	421,608	412,248	414,379	395,931	406,459	356,606	336,799	336,659	346,272	340,008
Support Services										
Tuition	2,431,705	2,377,397	2,192,603	2,148,659	2,026,092	1,734,327	1,548,220	1,283,439	1,432,634	1,068,462
Student and Instruction Related Services	3,141,671	2,914,522	3,164,590	2,993,688	3,065,970	3,253,474	3,606,010	3,579,218	3,486,959	3,103,331
General Administrative Services	991,215	1,035,182	965,674	949,095	838,268	993,548				
School Administrative Services	1,513,250	1,553,513	1,590,573	1,528,796	1,530,355	1,400,520	1,549,345	1,548,441	1,679,595	1,595,764
Other Administrative Services	897,723	680,912	592,553	585,251	571,040	576,493	1,473,381	1,438,909	1,417,393	1,468,983
Plant Operations and Maintenance	3,370,141	3,648,380	3,286,059	3,411,630	3,383,562	3,897,524	3,355,922	2,828,113	3,086,329	2,910,473
Pupil Transportation	2,064,094	1,906,650	1,904,265	1,821,753	1,774,562	1,793,153	1,854,255	1,809,753	1,678,099	1,530,292
Unallocated Benefits	21,547,787	20,192,024	15,223,138	13,632,801	9,503,065	9,147,425	8,082,765	7,941,614	6,900,907	7,295,474
Amortization of Debt Issuance Cost							71,109	77,394	83,407	85,053
Interest on Long-Term Debt	286,142	299,776	311,090	334,042	298,628	298,791	259,043	284,533	308,407	338,093
Total Governmental Activities Expenses	52,474,002	50,975,399	45,426,277	44,233,372	39,881,608	39,593,752	38,583,796	37,620,272	38,010,338	35,499,230
Business-Type Activities										
Food Service	1,229,307	1,264,743	1,257,062	1,218,000	1,152,487	1,206,552	1,169,776	1,126,629	1,168,399	1,159,740
Academy Program	149,904	183,041	258,933	135,854	199,081	173,333	201,065	223,064	193,070	185,508
Internal Service Fund	8,900	8,700	8,500	8,250	8,800	7,500	7,500	5,000		
Latchkey Program										
Total Business-Type Activities Expense	1,388,111	1,456,484	1,524,495	1,362,104	1,360,368	1,387,385	1,378,341	1,354,693	1,361,469	1,345,248
Total District Expenses	\$ 53,862,113	52,431,883	46,950,772	45,595,476	41,241,976	40,981,137	39,962,137	38,974,965	39,371,807	36,844,478
Program Revenues										
Governmental Activities										
Charges for Services - Instruction (Tuition)	\$ 619,403	688,950	807,675	833,369	1,153,930	1,318,458	1,252,643	1,706,604	1,581,229	1,213,440
Operating Grants and Contributions	5,545,390	5,719,957	6,044,797	6,105,854	6,491,654	6,689,485	6,238,796	6,002,990	7,485,268	6,335,059
Total Governmental Activities Prog Revenues	6,164,793	6,408,907	6,852,472	6,939,223	7,645,584	8,007,943	7,491,439	7,709,594	9,066,497	7,548,499
Business-Type Activities										
Charges for Services										
Food Service	229,551	246,942	237,628	250,251	270,222	300,936	284,110	299,594	319,768	354,253
Academy Program	285,842	134,055	330,150	135,854	186,707	181,693	165,309	171,035	175,135	136,750
Internal Service Fund	8,900	8,700	8,500	8,250	8,800	7,500	7,500	5,000		
Latchkey Program										
Operating Grants and Contributions	1,045,794	1,070,189	1,065,415	1,062,384	955,653	909,382	835,864	816,887	908,659	833,777
Total Business-Type Activities Prog Revenues	1,570,087	1,459,886	1,641,693	1,456,739	1,421,382	1,399,511	1,292,783	1,292,516	1,403,562	1,324,780
Total District Program Revenues	\$ 7,734,880	7,868,793	8,494,165	8,395,962	9,066,966	9,407,454	8,784,222	9,002,110	10,470,059	8,873,279
Net (Expense)/Revenue										
Governmental Activities	\$ 46,309,209	44,566,492	38,573,805	37,294,149	32,236,024	31,585,809	31,092,357	29,910,678	28,943,841	27,950,731
Business-Type Activities	(181,976)	(3,402)	(117,198)	(94,635)	(61,014)	(12,126)	85,558	62,177	(42,093)	20,468
Total District-Wide Net Expense	\$ 46,127,233	44,563,090	38,456,607	37,199,514	32,175,010	31,573,683	31,177,915	29,972,855	28,901,748	27,971,199
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 18,299,088	20,674,154	17,228,024	10,818,459	10,368,642	10,002,588	9,491,035	9,380,255	9,019,476	9,289,494
Taxes Levied for Debt Service	771,387	775,635	690,923	549,929	550,349	551,884	552,912	555,419	455,930	468,193
Federal and State Aid Unrestricted	33,658,419	24,303,622	23,631,220	26,905,535	21,546,619	21,283,731	23,807,981	20,471,743	22,121,688	19,355,414
Federal and State Aid Restricted-Cancellation							(300,244)			
Loss on Disposal of Asset								(20,983)		
Miscellaneous Income	419,982	383,442	227,852	104,316	110,590	44,540	84,377	120,442	54,715	127,099
Lease Purchase Proceeds										
Transfers										
Other Financing Uses						(199,228)				
Total Governmental Activities	53,148,876	46,136,853	41,778,019	38,378,239	32,576,200	31,683,515	33,636,061	30,506,876	31,651,809	29,240,200
Business-Type Activities										
Investment Earnings	79	82	99	88	98	94	136	163	204	1,417
Transfer										
Total Business-Type Activities	79	82	99	88	98	94	136	163	204	1,417
Total District-Wide	\$ 53,148,955	46,136,935	41,778,118	38,378,327	32,576,298	31,683,609	33,636,197	30,507,039	31,652,013	29,241,617
Change in Net Position										
Governmental Activities	\$ 6,839,667	1,570,361	3,204,214	1,084,090	340,176	97,706	2,543,704	596,198	2,707,968	1,289,469
Business-Type Activities	182,055	3,484	117,297	94,723	61,112	12,220	(85,422)	(62,014)	42,297	(19,051)
Total District-Wide	\$ 7,021,722	1,573,845	3,321,511	1,178,813	401,288	109,926	2,458,282	534,184	2,750,265	1,270,418

Source: CAFR Schedule A-2

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Restricted	\$ 2,470,834	\$ 2,656,728	\$ 2,451,819	\$ 1,516,799	\$ 1,609,717	\$ 1,519,305	\$	\$	\$	\$
Assigned	762,425	975,835	1,008,080	832,767	1,083,781	1,564,402	1,144,455	916,405		
Unassigned (Deficit)	(1,308,142)	(1,240,021)	(1,216,613)	(1,264,483)	(1,284,628)	(1,368,260)	(1,217,034)	(1,266,588)		
Reserved										
Unreserved							1,498,817	2,069,613	3,396,047	3,591,334
Total General Fund	\$ 1,925,117	\$ 2,392,542	\$ 2,243,286	\$ 1,085,083	\$ 1,408,870	\$ 1,715,447	\$ 1,498,817	\$ 2,069,613	\$ 2,078,965	\$ 2,780,972
All Other Governmental Funds										
Restricted, Reported in:										
Special Revenue Fund (Deficit)	\$ (67,802)	\$ (76,693)	\$ (72,248)	\$ (86,697)	\$ (86,697)	\$ (79,059)	\$ (78,660)	\$ (74,232)	\$ (74,412)	\$ (71,996)
Capital Projects Fund	295,365	(3,406,455)	1,625,859	5,701,642	62,124	62,124	535,196	626,408	451,965	42,976
Debt Service Fund			32,768	32,767						8,749
Total All Other Governmental Funds	\$ 227,563	\$ (3,483,148)	\$ 1,586,379	\$ 5,647,712	\$ (24,573)	\$ (16,935)	\$ 456,536	\$ 552,176	\$ 377,553	\$ (20,271)

Source: CAFR Schedule B-1

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Tax Levy	\$ 11,786,705	\$ 12,176,438	\$ 11,948,501	\$ 11,368,388	\$ 10,918,991	\$ 10,554,472	\$ 10,043,947	\$ 9,935,674	\$ 9,475,406	\$ 9,757,687
Tuition Charges	619,403	688,950	807,675	833,369	1,153,930	1,318,458	1,252,643	1,706,605	1,581,229	1,213,440
Transportation Charges		15,681	2,826	13,818	16,692	13,785				
Miscellaneous	419,982	367,761	225,026	90,498	93,898	30,755	84,377	120,442	54,715	127,099
Lease Purchase Proceeds										
Local Sources										45
State Sources	34,920,045	29,673,373	28,609,071	26,689,945	25,854,384	25,936,114	27,024,603	23,888,904	22,241,078	23,321,436
Federal Sources	1,962,284	2,104,266	2,323,079	2,426,400	2,183,889	2,037,102	3,022,174	2,585,829	7,365,877	2,368,993
Total Revenues	49,708,419	45,026,469	43,916,178	41,422,418	40,221,784	39,890,686	41,427,744	38,237,454	40,718,305	36,788,700
Expenditures										
Instruction										
Regular Instruction	10,784,962	10,859,450	10,796,077	11,487,364	11,544,931	11,256,915	11,520,712	11,485,476	12,873,203	11,398,565
Special Education Instruction	3,791,463	3,596,789	3,533,262	3,514,081	3,520,467	3,447,917	3,428,834	3,462,879	3,264,593	3,179,272
Other Special Instruction	937,894	1,204,604	1,157,768	1,127,423	1,114,718	1,134,233	1,191,432	1,239,244	1,153,040	886,130
Other Instruction	421,608	412,248	414,379	395,931	406,459	356,606	336,799	336,659	346,272	340,008
Undistributed Expenditures										
Support Services										
Tuition	2,431,705	2,377,397	2,192,603	2,148,659	2,026,092	1,734,327	1,548,220	1,283,439	1,432,634	1,068,462
Student and Instruction Related Services	3,141,671	2,914,522	3,164,590	2,993,688	3,065,970	3,253,474	3,606,010	3,579,218	3,486,959	3,103,331
General Administrative Services	934,214	978,181	908,242	892,094	781,045	934,781				
School Administrative Services	1,513,250	1,553,513	1,590,573	1,528,796	1,530,355	1,400,520	1,533,970	1,533,066	1,664,220	1,580,389
Other Administrative Services	882,619	665,808	577,449	570,147	555,755	561,368	1,411,309	1,379,743	1,355,078	1,404,367
Plant Operations and Maintenance	3,087,567	3,381,338	3,024,909	3,156,324	3,153,643	2,936,380	3,102,427	2,987,832	3,055,618	2,836,767
Pupil Transportation	2,064,094	1,906,650	1,904,265	1,821,753	1,774,562	1,793,153	1,854,255	1,809,753	1,678,099	1,530,292
Unallocated Employee Benefits	11,512,246	11,398,858	10,201,871	9,696,957	9,507,464	9,275,689	8,094,578	7,606,954	6,901,727	7,345,784
Capital Outlay	3,806,815	7,536,257	6,157,657	1,717,805	498,068	730,941	2,826,394	651,899	2,746,225	579,957
Debt Service										
Principal	935,000	930,000	955,000	900,000	845,000	820,000	795,000	775,000	750,000	725,000
Interest and Other Charges	220,025	231,125	240,663	122,898	211,470	239,416	266,391	291,204	314,823	347,879
Total Expenditures	46,465,133	49,946,740	46,819,308	42,073,920	40,535,999	39,875,720	41,516,331	38,422,366	41,022,491	36,326,203
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	3,243,286	(4,920,271)	(2,903,130)	(651,502)	(314,215)	14,966	(88,587)	(184,912)	(304,184)	462,495
Other Financing Sources (Uses)										
Refunding Bond Proceeds				6,000,000						
Cancellation of State Aid						(199,228)	(300,244)			
Total Other Financing Sources (Uses)				6,000,000		(199,228)	(300,244)			
Net Change in Fund Balances	\$ 3,243,286	\$ (4,920,271)	\$ (2,903,130)	\$ 5,348,498	\$ (314,215)	\$ (184,262)	\$ (388,831)	\$ (184,912)	\$ (304,184)	\$ 462,495
Debt Service as a Percentage of										
Noncapital Expenditures	2.5%	2.3%	2.6%	2.4%	2.6%	2.7%	2.6%	2.8%	2.6%	3.0%

Source: CAFR Schedule B-2

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

	2018	2017	#	2016	#	2015	2014	2013	2012	2011	2010	2009
Refunds of Prior Year Expenses	\$	\$		\$ 13,855	\$	\$ 20,246	\$ 23,021	\$ 2,579	\$ 839	\$ 62,609	\$ 9,054	\$ 54,971
Homeless Tuition	339,434	315,050		185,784								
Prior Year Tuition		10,959				39,029						
Transportation Fees		29,998		2,826		13,818	16,692	13,785	1,495	1,546	3,750	
Interest on Investments	6,785	5,957		8,193		6,164	5,105	6,943	9,573	9,831	14,673	45,458
Miscellaneous	26,490	4,136		478		319	41,020	1,834	25,356	22,282	13,023	10,320
Athletic Department Ticket Sales	13,726	7,545		7,482		13,872	15,445	12,049	10,264	10,779		9,350
Facility Use							1,200	1,050		8,150	9,715	3,000
Building Rentals	8,550	9,250		7,400		7,039	7,120	6,300	36,850	5,250	4,500	4,000
	<u>\$ 394,985</u>	<u>\$ 382,895</u>	<u>\$</u>	<u>\$ 226,018</u>	<u>\$</u>	<u>\$ 100,487</u>	<u>\$ 109,603</u>	<u>\$ 44,540</u>	<u>\$ 84,377</u>	<u>\$ 120,447</u>	<u>\$ 54,715</u>	<u>\$ 127,099</u>

Source: District Records

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Borough of Penns Grove

Assessed Value											Estimated Actual (County Equalized Value)	Total Direct School Tax Rate(2)	
Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable			Tax-Exempt Property
2018	\$ 3,465,200	\$ 127,778,200	\$	\$	\$ 32,691,100	\$	\$ 3,270,700	\$ 167,205,200	\$	\$ 167,205,200	\$ 63,072,400	\$ 125,812,792	\$ 1.280
2017	3,661,500	130,289,000			32,825,200		3,599,400	170,375,100		170,375,100	62,931,700	132,887,528	1.280
2016	3,654,400	131,674,400			32,760,400		3,599,400	171,688,600		171,688,600	62,849,200	142,314,821	1.280
2015	3,656,300	133,711,300			34,805,100		3,682,500	175,855,200		175,855,200	61,758,800	153,129,299	1.212
2014	3,617,500	134,416,600			33,885,400		3,682,500	175,602,000		175,602,000	62,718,600	167,636,422	1.226
2013	3,497,900	135,369,000			34,908,200		3,682,500	177,457,600		177,457,600	62,202,200	173,865,114	1.213
2012	3,495,400	135,711,800			34,581,200		3,682,500	177,470,900	1,728,950	179,199,850	62,111,700	177,669,170	1.189
2011	3,485,300	135,491,500			34,540,200		3,682,500	177,199,500	1,706,301	178,905,801	63,137,900	181,280,576	1.181
2010	3,486,700	135,709,400			34,895,900		3,682,500	177,774,500	1,789,417	179,563,917	62,908,800	177,774,500	1.149
2009 (3)	3,526,900	135,673,300			34,852,200		3,682,500	177,734,900	1,742,997	179,477,897	62,957,500	183,762,449	1.187

Township of Carney's Point

Assessed Value											Estimated Actual (County Equalized Value)	Total Direct School Tax Rate(2)	
Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable			Tax-Exempt Property
2018	\$ 20,964,800	\$ 387,022,600	\$ 12,140,900	\$ 2,002,000	\$ 121,111,000	\$ 77,067,600	\$ 24,154,300	\$ 644,463,200	\$	\$ 644,463,200	\$ 123,514,400	\$ 591,467,695	\$ 1.508
2017	20,609,500	385,625,700	12,772,800	2,010,400	118,757,000	103,067,600	24,154,300	666,997,300	764,120	667,761,420	122,701,200	543,999,103	1.457
2016	21,466,200	410,069,400	12,732,100	2,005,300	120,308,900	105,033,200	26,206,500	697,821,600	800,300	698,621,900	121,457,400	598,782,907	1.411
2015	26,041,800	433,158,000	12,856,900	1,919,200	125,204,100	105,509,500	26,206,500	730,896,000	809,372	731,705,372	136,716,800	704,755,689	1.300
2014	26,564,300	461,614,600	12,886,500	2,020,900	125,265,800	102,986,600	26,206,500	757,545,200	796,031	758,341,231	120,401,800	684,322,638	1.233
2013	26,961,600	431,427,600	12,728,300	2,053,100	124,840,100	102,986,600	26,206,500	727,203,800	1,061,396	728,265,196	119,968,400	706,895,759	1.177
2012	27,705,700	427,796,400	13,147,000	2,056,400	123,439,900	103,110,600	26,206,500	723,462,500	1,112,173	724,574,673	121,122,900	694,349,524	1.127
2011	29,049,700	425,636,200	13,260,000	1,976,800	123,376,000	103,067,900	26,206,500	722,573,100	1,118,859	723,691,959	120,273,800	684,855,706	1.089
2010	28,240,000	421,999,000	13,490,000	2,035,800	124,644,500	103,067,900	26,206,500	719,683,700	1,412,193	721,138,092	121,648,100	719,683,700	1.060
2009 (3)	28,552,500	421,710,900	14,021,100	2,033,400	126,309,400	89,083,800	26,206,500	707,917,600	1,411,270	709,328,870	137,691,600	704,186,993	1.064

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax Rates are per \$100.00 of Assessed Valuation

(3) Revaluation of Real Property

Source: District records Tax list summary & Municipal Tax Assessor

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)
(Unaudited)

Borough of Penns Grove

Year Ended 31-Dec	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate (1)	General Obligation Debt Service (2)	Total Direct School Tax Rate	Borough of Penns Grove	Salem County	Municipal Open Space	
2018	\$ 1.195	\$ 0.084	\$ 1.279	\$ 1.859	\$ 0.896	\$	\$ 4.034
2017	1.240	0.084	1.324	1.812	0.912		4.048
2016	1.206	0.074	1.280	1.753	0.862		3.895
2015	1.153	0.059	1.212	1.648	0.871		3.731
2014	1.164	0.062	1.226	1.600	0.864		3.690
2013	1.150	0.063	1.213	1.512	0.946		3.671
2012	1.124	0.065	1.189	1.450	0.940		3.579
2011	1.115	0.066	1.181	1.420	0.920		3.521
2010	1.095	0.054	1.149	1.340	0.870		3.359
2009	1.130	0.057	1.187	1.130	0.900		3.217

Township of Carney's Point

Year Ended 31-Dec	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate (1)	General Obligation Debt Service (2)	Total Direct School Tax Rate	Township of Carney's Point	Salem County	Municipal Open Space	
2018	\$ 1.413	\$ 0.095	\$ 1.508	\$ 0.550	\$ 1.090	\$ 0.001	\$ 3.149
2017	1.364	0.093	1.457	0.529	0.949	0.001	2.936
2016	1.329	0.082	1.411	0.484	0.933	0.001	2.829
2015	1.237	0.063	1.300	0.435	0.961	0.001	2.697
2014	1.171	0.062	1.233	0.413	0.907		2.553
2013	1.115	0.062	1.177	0.392	0.936	0.001	2.506
2012	1.067	0.060	1.127	0.380	0.920		2.427
2011	1.029	0.060	1.089	0.380	0.860		2.329
2010	1.010	0.050	1.060	0.356	0.817		2.233
2009	1.012	0.052	1.064	0.356	0.880		2.300

Source: District Records and Municipal Tax Collector

Note:

- 1 NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation.
- 2 The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Borough of Penns Grove

<u>Taxpayer</u>	<u>2018</u>			<u>2009</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
	Not Available					
Total	_____		_____	_____		_____
	=====		=====	=====		=====

Township of Carney's Point

<u>Taxpayer</u>	<u>2018</u>			<u>2009</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
	Not Available					
Total	_____		_____	_____		_____
	=====		=====	=====		=====

Source: Municipal Tax Assessor

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Borough of Penns Grove

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2018	\$ 2,242,492	\$ 2,482,492	110.70%	\$
2017	2,300,147	2,060,167	89.57%	239,980
2016	2,150,167	1,904,393	88.57%	245,774
2015	2,130,951	1,880,739	88.26%	250,212
2014	2,076,826	1,437,025	69.19%	639,801
2013	2,152,277	1,655,511	76.92%	496,766
2012	2,114,023	1,624,776	76.86%	489,247
2011	2,111,317	1,644,098	77.87%	267,219
2010	2,013,928	1,794,056	89.08%	219,872
2009	2,130,567	1,621,524	76.11%	509,043

Township of Carney's Point

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2018	\$ 9,544,213	\$ 9,544,213	100%	\$
2017	9,909,059	9,909,059	100%	
2016	9,802,772	9,802,772	100%	
2015	9,511,374	9,511,374	100%	
2014	8,291,816	8,291,816	100%	
2013	8,568,357	8,568,357	100%	
2012	7,929,924	7,929,924	100%	
2011	7,824,357	7,824,357	100%	
2010	7,461,478	7,461,478	100%	
2009	7,627,120	7,627,120	100%	

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of	
	General Obligation Bonds ¹	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income ²		Per Capita ³	
2018	\$ 7,175,000	\$	\$	\$	\$ 7,175,000	1.29%	\$ 44,590	
2017	8,110,000				8,110,000	1.44%	44,148	
2016	9,040,000				9,040,000	1.64%	43,711	
2015	9,995,000				9,995,000	1.82%	43,279	
2014	4,795,000				4,795,000	0.90%	42,850	
2013	5,640,000				5,640,000	1.06%	41,262	
2012	6,460,000				6,460,000	0.61%	40,817	
2011	7,255,000		7,175,000		14,430,000	0.55%	40,818	
2010	8,030,000	325,000			8,355,000	0.48%	39,460	
2009	8,780,000	422,505			9,202,505	0.42%	38,815	

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.

- 1 District Records
- 2 Personal income has been estimated based upon the municipal population per capita
- 3 Per Capita personal income by county-estimated based upon the Census Bureau midyear population estimates, revised November 2014

PENNS GROVE-CARNEYS POINT REGIONAL 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			
2018	\$ 7,175,000	\$	\$ 7,175,000	1.06%	\$ 575
2017	8,110,000		8,110,000	1.09%	647
2016	9,040,000		9,040,000	1.05%	717
2015	9,995,000		9,995,000	1.17%	787
2014	4,795,000		4,795,000	0.56%	374
2013	5,640,000		5,640,000	0.64%	437
2012	6,460,000		6,460,000	0.71%	497
2011	7,255,000		7,255,000	0.80%	555
2010	8,030,000		8,030,000	0.89%	610
2009	8,780,000		8,780,000	0.99%	693

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-13.

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.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Penns Grove Borough	\$ 1,492,510	100%	\$ 1,492,510
Carneys Point Township	6,617,490	100%	6,617,490
Other debt			
County of Salem - Township's Share	42,049,364	14.428%	6,067,034
Subtotal, Overlapping Debt			14,177,034
Penns Grove-Carneys Point School District Direct Debt			7,175,000
Total Direct and Overlapping Debt			\$ 21,352,034

Sources: Penns Grove-Carneys Point 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 Penns Grove-Carneys Point. 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 paying the debt, of each overlapping.

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 taxable value.

	Gross Debt	Deductions (3)	Statutory Net Debt Outstanding
Municipal Debt: (1)			
Penns Grove-Carneys Point Regional School District	\$ 7,175,000	\$ 7,175,000	\$ -
Borough of Penns Grove	1,492,510		1,492,510
Township of Carneys Point	6,617,490		6,617,490
	<u>15,285,000</u>	<u>7,175,000</u>	<u>8,110,000</u>
Overlapping Debt Apportioned to the Municipality			
County Of Salem: (2)			
Borough of Penns Grove (4)	1,150,232	11,085	1,109,848
Township of Carneys Point (4)	4,708,681	45,380	4,543,367
Salem County Improvement Authority/Utilities Authority (2)			
Borough of Penns Grove (4)	2,228,630	2,228,630	
Township of Carneys Point (4)	157,751	157,751	
	<u>8,245,294</u>	<u>2,442,847</u>	<u>5,653,216</u>
	<u>\$ 23,530,294</u>	<u>\$ 9,617,847</u>	<u>\$ 13,763,216</u>

Sources:

- (1) 2017 Annual Debt Statement
- (2) Salem County, Salem County Improvement Authority Official Statements
- (3) Deductible in accordance with N.J.S. 40:37A-80.
- (4) Such debt is allocated as a proportion of the Borough's and Township's share of the total 2017 Equalized Value, which is 11.02% and 2.69%, respectively. The source for this computation was the 2017 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year Ending June 30,									
	<u>2018</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>
Debt Limit	\$ 34,559,511	\$ 34,559,511	\$ 34,559,511	\$ 34,559,511	\$ 34,559,511	\$ 34,599,511	\$ 34,238,463	\$ 33,907,190	\$ 32,688,613	\$ 30,414,680
Total Net Debt Applicable to Limit	<u>7,175,000</u>	<u>8,110,000</u>	<u>9,040,000</u>	<u>9,995,000</u>	<u>4,795,000</u>	<u>5,640,000</u>	<u>6,460,000</u>	<u>7,255,000</u>	<u>8,030,000</u>	<u>8,780,000</u>
Legal Debt Margin	\$ <u>27,384,511</u>	\$ <u>42,669,511</u>	\$ <u>25,519,511</u>	\$ <u>24,564,511</u>	\$ <u>29,764,511</u>	\$ <u>28,959,511</u>	\$ <u>27,778,463</u>	\$ <u>26,652,190</u>	\$ <u>24,658,613</u>	\$ <u>21,634,680</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.76%	23.47%	26.16%	28.92%	13.87%	16.30%	18.87%	21.40%	24.57%	28.87%

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

<u>Year</u>	<u>Population</u> ¹	<u>Personal Income (thousands of dollars)</u> ²	<u>Per Capita Personal Income</u> ³	<u>Unemployment Rate</u> ⁴	
				<u>Borough of Penns Grove</u>	<u>Township of Carneys Point</u>
2018	** 12,468	\$ 558,844,989	\$ 44,590	8.3%	6.9%
2017	12,533	554,768,767	44,148	8.1%	5.8%
2016	12,605	564,702,157	43,711	9.0%	6.8%
2015	12,704	549,810,064	43,279	10.0%	8.0%
2014	12,831	549,808,350	42,850	11.4%	9.0%
2013	12,896	532,114,752	41,262	14.2%	11.2%
2012	13,009	530,988,353	40,817	16.3%	12.6%
2011	13,083	534,021,894	40,818	14.1%	13.6%
2010	13,166	519,530,360	39,460	10.9%	13.5%
2009	12,667	491,669,605	38,815	16.1%	8.7%

Source:

¹Population information provided by the NJ Dept of Labor and Workforce Development

² Personal income has been estimated based upon the municipal population and per capita personal income presented

³ Per Capita personal income by county-estimated based upon the Census Bureau midyear population estimates, revised November 2014

⁴ Unemployment data provided by the NJ Dept of Labor and Workforce Development

** Estimate

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Borough of Penns Grove

<u>Employer*</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
PSE & G				
EI DuPont				
Mannington Mills				
Memorial Hospital of Salem Co.				
Atlantic City Electric				
RE Pierson Construction				
Anchor Glass				
McLane NJ				
Elmer Hospital				
Walmart				
			Not Available	

Township of Carney's Point

<u>Employer*</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
PSE & G				
EI DuPont				
Mannington Mills				
Memorial Hospital of Salem Co.				
Atlantic City Electric				
RE Pierson Construction				
Anchor Glass				
McLane NJ				
Elmer Hospital				
Walmart				
			Not Available	

* This information is for all of Salem County

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction										
Regular	140	142	147	149	160	157	155	144	150	163
Special Education	38	39	41	42	41	45	46	48	42	46
Other Special Education	30	31	30	27	31	29	30	6	6	6
Other Instruction	17	12	33	32	32	30	33	80	80	58
Support Services:										
Student & Instruction Related Services	23	21	21	21	21	20	18	12	13	13
General Administrative Services	10	9	10	9	9	9	9	9	9	9
School Administrative Services	21	21	22	23	23	24	22	21	23	23
Business Administrative Services	5	4	5	5	5	5	5	5	5	5
Plant Operations and Maintenance	37	37	46	54	41	41	41	35	34	35
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Food Service	29	32	34	30	36	33	31	31	33	36
Total	351	349	390	393	400	394	391	392	395	395

Source: District Personnel Records

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio					Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Enrollment	Student Attendance Percentage
						Lafayette-Pershing Elementary	Field Street Elementary	Paul W. Carleton Elementary	Middle School	High School				
2018	2,057	\$ 38,911,116	\$ 18,916	6.29%	186	1 : 13.5	1 : 12.1	1 : 12.1	1 : 10.1	1 : 9.1	2,156.5	2,018.1	0.61%	93.58%
2017	2,160	38,440,652	17,797	7.76%	197	1 : 13.2	1 : 12.1	1 : 10.8	1 : 9.1	1 : 9.8	2,143.5	2,001.4	-2.85%	93.37%
2016	2,212	36,530,271	16,515	4.35%	206	1 : 13.2	1 : 12.1	1 : 10.8	1 : 9.1	1 : 9.8	2,206.3	2,058.5	-3.54%	93.30%
2015	2,289	36,226,675	15,826	2.93%	212	1 : 12.8	1 : 12.0	1 : 10.4	1 : 9.1	1 : 8.9	2,287.3	2,122.2	-2.31%	92.78%
2014	2,342	36,011,810	15,377	0.73%	220	1 : 12.8	1 : 12.0	1 : 10.4	1 : 9.1	1 : 8.9	2,341.5	2,175.3	1.59%	92.90%
2013	2,315	35,337,779	15,265	-1.44%	221	1 : 14.2	1 : 10.8	1 : 11.1	1 : 8.8	1 : 8.7	2,304.7	2,153.5	2.04%	93.44%
2012	2,237	34,645,217	15,487	9.80%	228	1 : 8.3	1 : 11.0	1 : 10.8	1 : 9.1	1 : 9.0	2,258.7	2,120.7	-4.02%	93.89%
2011	2,372	33,456,848	14,105	5.56%	238	1 : 8.3	1 : 11.0	1 : 10.8	1 : 9.1	1 : 9.0	2,375.4	2,209.6	-3.22%	93.02%
2010	2,436	32,549,622	13,362	5.71%	229	1 : 13.6	1 : 10.8	1 : 11.1	1 : 8.6	1 : 9.4	2,449.8	2,283.0	-0.91%	93.19%
2009	2,465	31,156,616	12,640	9.53%	231	1 : 15.0	1 : 11.6	1 : 11.6	1 : 8.8	1 : 9.8	2,496.4	2,304.0	-1.47%	92.29%

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. 2008 information obtained from the fall survey.
- (3) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	<u>2018</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>District Building</u>										
<u>Elementary</u>										
Lafayette-Pershing (1991)										
Square Feet	47,470	47,470	47,470	47,470	47,470	47,470	47,470	47,470	47,470	47,470
Capacity (students)	400	400	400	400	400	400	400	400	400	400
Enrollment	316	304	350	350	393	375	370	369	353	359
Field Street (1955)										
Square Feet	67,901	67,901	67,901	67,901	67,901	67,901	67,901	67,901	67,901	67,901
Capacity (students)	489	489	489	489	489	489	489	489	489	489
Enrollment	504	530	547	547	552	513	511	556	551	559
Paul W. Carleton (1951)										
Square Feet	53,115	53,115	53,115	53,115	53,115	53,115	53,115	53,115	53,115	53,115
Capacity (students)	369	369	369	369	369	369	369	369	369	369
Enrollment	347	328	312	312	313	347	334	334	356	371
<u>Middle School</u>										
Penns Grove Middle School (1935)										
Square Feet	85,540	85,540	85,540	85,540	85,540	85,540	85,540	85,540	85,540	85,540
Capacity (students)	541	541	541	541	541	541	541	541	541	541
Enrollment	463	444	485	485	500	475	499	519	510	492
<u>High School</u>										
Penns Grove High School (1971)										
Square Feet	166,000	166,000	166,000	166,000	166,000	166,000	166,000	166,000	166,000	166,000
Capacity (students)	990	990	990	990	990	990	990	990	990	990
Enrollment	504	519	544	544	564	515	546	594	665	684
<u>Other</u>										
Administration Building (2000)										
Square Feet	7,850	7,850	7,850	7,850	7,850	7,850	7,850	7,850	7,850	7,850

Number of Schools at June 30, 2018
 Elementary = 3
 Middle School = 1
 High School = 1
 Other = 1

Source: District records, ASSA

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

PENNS GROVE-CARNEYS POINT REGIONAL 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>2018</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>
Penns Grove High School	166,000	\$ 96,025	\$ 139,153	\$ 95,285	\$ 99,482	\$ 72,038	\$ 71,404	\$ 122,078	\$ 116,262	\$ 192,057	\$ 79,002
Penns Grove Middle School	85,540	24,732	135,689	39,016	97,369	55,072	51,927	76,144	23,044	50,562	39,135
Paul W. Carleton School	53,115	26,736	38,698	37,958	34,679	30,633	17,804	53,584	46,116	27,386	22,294
Field Street School	67,901	64,966	93,009	35,080	30,521	120,897	41,541	55,353	31,817	49,570	29,694
Lafayette-Pershing School	47,470	40,266	56,874	25,932	24,385	41,598	26,822	46,138	20,149	45,298	21,382
Total School Facilities		<u>252,725</u>	<u>463,423</u>	<u>233,271</u>	<u>286,436</u>	<u>320,238</u>	<u>209,498</u>	<u>353,297</u>	<u>237,388</u>	<u>364,873</u>	<u>191,507</u>
Other Facilities	7,850	2,768	4,104	7,375	8,908	5,227	9,314	7,352	4,460	10,330	4,876
Grand Total		<u>\$ 255,493</u>	<u>\$ 467,527</u>	<u>\$ 240,646</u>	<u>\$ 295,344</u>	<u>\$ 325,465</u>	<u>\$ 218,812</u>	<u>\$ 360,649</u>	<u>\$ 241,848</u>	<u>\$ 375,203</u>	<u>\$ 196,383</u>

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Property, Inland Marine and Automobile Physical Damages		
Limits of Liability	\$ 175,000,000	
GCSSDJIF Self Insured Retention	250,000	
Member District Deductible	500	
Perils Included	"All Risk"	
Property Valuation		
Buildings and Contents	Replacement Cost	
Contractors Equipment	Actual Cash Value	
Automobiles	Replacement Cost	
Boiler and Machinery		
Limits of Liability	125,000,000	
GCSSDJIF Self Insured Retention	None	
Member District Deductible		\$ 1,000
Crime		
Limits of Liability	500,000	
GCSSDJIF Self Insured Retention	250,000	
Member District Deductible		500
General and Automobile Liability		
Limits of Liability	20,000,000	
GCSSDJIF Self Insured Retention (SIR)	250,000	
Member District Deductible		None
Workers' Compensation		
Limits of Liability	Statutory	
GCSSDJIF Self Insured Retention	250,000	
Member District Deductible		None
Educator's Legal Liability		
Limit of Liability	20,000,000	
GCSSDJIF Self Insured Retention	175,000	
Member District Deductible		None
Pollution Legal Liability		
Limit of Liability	3,000,000	
GCSSDJIF Self Insurance Retention	None	
Member District Deductible		25,000
Member District Deductible - Mold Incident		100,000
Cyber Liability		
Limits of Liability	1,000,000	
GCSSDJIF Self Insurance Retention	None	
Member District Deductible		25,000
Violent Malicious Acts		
Limits of Liability	1,000,000	
GCSSDJIF Self Insurance Retention	None	
Member District Deductible		15,000
Disaster Management Services		
Limits of Liability	2,000,000	
GCSSDJIF Self Insurance Retention	None	
Member District Deductible		15,000

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Penns Grove-Carneys Point Regional School District
County of Salem, New Jersey 08079

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the of Education of the Penns Grove-Carneys Point Regional School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the of Education of the Penns Grove-Carneys Point Regional School District's basic financial statements, and have issued our report thereon dated January 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Penns Grove-Carneys Point Regional 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 Penns Grove-Carneys Point Regional Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Penns Grove-Carneys Point Regional 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 Penns Grove-Carneys Point Regional Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance, or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and are described in the accompanying schedule of findings and questioned costs as items labeled finding 2018-1.

Penns Grove-Carneys Point Regional Board of Education's Response to Findings

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

Purpose of this Report

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

This report is intended solely for the information and use of management, the Penns Grove-Carneys Point Regional 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
January 23, 2019

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
Penns Grove-Carneys Point Regional School District
County of Salem, New Jersey 08079

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Penns Grove-Carneys Point Regional 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 Penns Grove-Carneys Point Regional School District's major federal and state programs for the fiscal year ended June 30, 2018. The Penns Grove-Carneys Point Regional 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Penns Grove-Carneys Point Regional Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, 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 Treasury Circular 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 Penns Grove-Carneys Point Regional 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 Penns Grove-Carneys Point Regional Board of Education's compliance.

Opinion on Each Major Program

In our opinion, the Board of Education of the Penns Grove-Carneys Point Regional School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Penns Grove-Carneys Point Regional School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Penns Grove-Carneys Point Regional Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program 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 Treasury 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 Penns Grove-Carneys Point Regional 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 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.

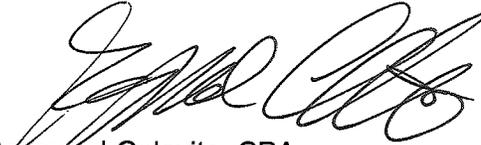
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify deficiencies in internal control over compliance that we consider to be significant deficiency, 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 January 23, 2019. 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 Treasury Circular OMB 15-08.

This report is intended solely for the information and use of the audit committee, management, the Penns Grove-Carneys Point Regional 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

A handwritten signature in black ink, appearing to read 'Raymond Colavita', written over a horizontal line.

Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
January 23, 2019

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2017			Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Adjustment	June 30, 2018	
						Accounts Receivable	Unearned Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue
General Fund															
U.S. Department of Education:															
Passed-through State Department of Education															
Medical Assistance Program	93.778	1705NJ5MAP	N/A	7/1/16-6/30/17	\$ 72,254	\$	\$	\$ 71,628	\$ (72,254)	\$	\$ (72,254)	\$	\$	(626)	\$
Medical Assistance Program	93.778	1605NJ5MAP	N/A	7/1/16-6/30/17	109,837	(803)		803							
Total General Fund						(803)		72,431	(72,254)		(72,254)			(626)	
Special Revenue Fund:															
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
E.S.E.A.:															
Title I - Part A	84.010	S010A170030	NCLB407018	7/1/17-6/30/18	1,335,618			818,726	(1,065,524)		(1,065,524)			(246,798)	
Title I - Part A	84.010	S010A160030	NCLB407017	7/1/16-6/30/17	1,335,054	(140,318)		140,318							
Title I - Part A SIA	84.010	S010A170030	NCLB407018	7/1/17-6/30/18	208,392				(95,097)		(95,097)			(18,669)	
Title II A	84.367A	S367A170029	NCLB407018	7/1/17-6/30/18	95,577			76,428							
Title II A	84.367A	S367A160029	NCLB407017	7/1/16-6/30/17	144,786	(7,857)		7,857							
Title III	84.365	S365A170030	NCLB407018	7/1/17-6/30/18	41,738			28,512	(37,261)		(37,261)			(8,749)	
Title III	84.365	S365A160030	NCLB407017	7/1/16-6/30/17	52,257	(2,149)		2,361				(212)			
Title III Immigrant	84.365	S365A170030	NCLB407018	7/1/17-6/30/18	2,419			2,406	(2,419)		(2,419)			(13)	
IDEA Cluster:															
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	IDEA407018	7/1/17-6/30/18	558,701			558,701	(558,701)		(558,701)				
I.D.E.A. Preschool Incentive	84.173	H173A170114	IDEAPS407018	7/1/17-6/30/18	21,278			21,278	(21,278)		(21,278)				
Temporary Emergency Impact Aid	84.938C	S938C18005	HER407018	7/1/17-6/30/18	109,750				(109,750)		(109,750)			(109,750)	
Total U.S. Department of Education						(150,324)		1,656,587	(1,890,030)		(1,890,030)		(212)	(383,979)	
Enterprise Fund															
U.S. Dept. of Agriculture Passed-through State Dept. of Education:															
Child Nutrition Cluster:															
Cash Assistance:															
National School Lunch Program	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	687,267			645,309	(687,267)		(687,267)			(41,958)	
National School Lunch Program	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	676,660	(40,867)								(40,867)	
National School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	224,688			208,674	(224,688)		(224,688)			(16,014)	
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	237,375	(14,501)								(14,501)	
National School Snack Program	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	12,709			11,937	(12,709)		(12,709)			(772)	
National School Snack Program	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	10,632	(747)								(747)	
School Meals Equipment Grant	10.579	181NJ354N8103	N/A	7/1/17-6/30/18	26,233			26,233	(26,233)		(26,233)				
Fresh Fruits and Vegetables	10.582	181NJ304L1603	N/A	7/1/16-6/30/17	20,150	(6,392)		6,392							
Non-Cash Assistance:															
Food Distribution Program	10.565	Unknown	N/A	7/1/17-6/30/18	79,264			79,264	(61,801)		(61,801)				17,463
Food Distribution Program	10.565	Unknown	N/A	7/1/16-6/30/17	112,080	20,204			(20,204)		(20,204)				
Total U.S. Department of Agriculture						(42,303)		977,809	(1,032,902)		(1,032,902)			(114,859)	17,463
Total Federal Financial Awards						\$ (193,430)	\$	\$ 2,706,827	\$ (2,995,186)	\$	\$ (2,995,186)	\$	(212)	\$ (499,464)	\$ 17,463

(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.

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2017			Budgetary Expenditures	June 30, 2018		MEMO	
				(Accounts Receivable)	Unearned Revenue	Cash Received		(Accounts Receivable)	Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:											
General Fund - Current Expense:											
Special Education Categorical Aid	18-495-034-5120-089	\$ 1,190,528	7/1/17 to 6/30/18	\$	\$	\$ 1,078,035	\$ (1,190,528)	\$ (112,493)	\$	*(112,493)	\$ 1,190,528
Special Education Categorical Aid	17-495-034-5120-089	1,190,528	7/1/16 to 6/30/17	(114,509)		114,509					
Equalization Aid	18-495-034-5120-078	19,825,465	7/1/17 to 6/30/18			17,914,804	(19,825,465)	(1,910,661)		*(1,910,661)	19,825,465
Equalization Aid	17-495-034-5120-078	19,825,465	7/1/16 to 6/30/17	(1,906,900)		1,906,900				*	
Security Aid	18-495-034-5120-084	299,644	7/1/17 to 6/30/18			271,331	(299,644)	(28,313)		*(28,313)	299,644
Security Aid	17-495-034-5120-084	299,644	7/1/16 to 6/30/17	(28,821)		28,821				*	
Transportation Aid	18-495-034-5120-014	121,679	7/1/17 to 6/30/18			110,181	(121,679)	(11,498)		*(11,498)	121,679
Transportation Aid	17-495-034-5120-014	121,679	7/1/16 to 6/30/17	(11,704)		11,704				*	
PARCC Readiness Aid	18-495-034-5120-098	21,010	7/1/17 to 6/30/18			19,025	(21,010)	(1,985)		*(1,985)	21,010
PARCC Readiness Aid	17-495-034-5120-098	21,010	7/1/16 to 6/30/17	(2,021)		2,021				*	
Per Pupil Growth Aid	18-495-034-5120-097	21,010	7/1/17 to 6/30/18			19,025	(21,010)	(1,985)		*(1,985)	21,010
Per Pupil Growth Aid	17-495-034-5120-097	21,010	7/1/16 to 6/30/17	(2,021)		2,021				*	
Professional Learning Comm Aid	18-495-034-5120-101	20,520	7/1/17 to 6/30/18			18,581	(20,520)	(1,939)		*(1,939)	20,520
Professional Learning Comm Aid	17-495-034-5120-101	20,520	7/1/16 to 6/30/17	(1,974)		1,974				*	
Extraordinary Special Education Aid	18-495-034-5120-044	310,444	7/1/17 to 6/30/18				(310,444)	(310,444)		*	310,444
Extraordinary Special Education Aid	17-495-034-5120-473	391,389	7/1/16 to 6/30/17	(391,389)		391,389				*	
Nonpublic Transportation aid	18-495-034-5120-014	14,500	7/1/17 to 6/30/18				(14,500)	(14,500)		*	14,500
Nonpublic Transportation aid	17-495-034-5120-014	10,962	7/1/16 to 6/30/17	(10,962)		10,962				*	
Reimbursed TPAF Social Security Contrib.	18-495-034-5094-003	1,118,357	7/1/17 to 6/30/18			1,064,635	(1,118,357)	(53,722)		*	1,118,357
Reimbursed TPAF Social Security Contrib.	17-495-034-5095-002	1,096,998	7/1/16 to 6/30/17	(53,494)		53,494				*	
				(2,523,795)		23,019,412	(22,943,157)	(2,447,540)		(2,068,874)	22,943,157
Special Revenue Fund:											
Preschool Education Aid	18-495-034-5120-086	678,015	7/1/17 to 6/30/18			610,213	(678,015)	(67,802)		*(67,802)	678,015
Preschool Education Aid	17-495-034-5120-086	766,935	7/1/16 to 6/30/17	(76,693)		76,693				*	
				(76,693)		686,906	(678,015)	(67,802)		(67,802)	678,015

See accompanying notes to schedules of financial assistance

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2017			Budgetary Expenditures	June 30, 2018		MEMO	
				(Accounts Receivable)	Unearned Revenue	Cash Received		(Accounts Receivable)	Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:											
Capital Projects Fund:											
New Jersey Schools Development Authority:											
Educational Facilities Construction and Financing Act:											
Penns Grove HS HVAC	4070-050-14-1001	\$ 1,803,764	Project Completion	\$ (736,937)	\$	\$	\$ (1,066,827)	\$ (1,803,764)	\$	*\$	1,803,764
Penns Grove HS Renovation	4070-050-14-1002	2,826,393	Project Completion	(1,317,721)			(1,508,672)	(2,826,393)		*	2,826,393
Paul W. Carleton ES Renovation	4070-080-14-1003	346,561	Project Completion	(112,511)			(234,050)	(346,561)		*	346,561
Paul W. Carleton HVAC	4070-080-14-1004	706,345	Project Completion	(275,465)			(430,880)	(706,345)		*	706,345
Field Street ES HVAC	4070-090-14-1005	990,533	Project Completion	(445,455)			(545,078)	(990,533)		*	990,533
Field Street ES Renovation	4070-090-14-1006	397,525	Project Completion	(380,608)			(16,917)	(397,525)		*	397,525
Lafayette-Pershing ES Roof; Ext Doors	4070-100-14-1007	349,371	Project Completion	156,334			(188,872)	(32,538)		*	349,371
Penns Grove MS Renovation	4070-105-14-1008	3,999,008	Project Completion	(734,261)			(2,778,990)	(3,513,251)		*	3,999,008
Penns Grove MS Roof Replacement	4070-105-14-1009	9,884	Project Completion	(4,616)			(5,268)	(9,884)		*	9,884
Penns Grove MS HVAC	4070-105-14-1010	44,240	Project Completion	(20,665)			(23,575)	(44,240)		*	44,240
Penns Grove MS HVAC - Admin Off	4070-105-14-1011	771	Project Completion	(346)			(425)	(771)		*	771
		<u>11,474,395</u>		<u>(3,872,251)</u>			<u>(6,799,554)</u>	<u>(10,671,805)</u>			<u>11,474,395</u>
Debt Service Fund:											
Debt Service Aid Type II	17-495-034-5120-075	383,638	7/1/16 to 6/30/17			383,638	(383,638)			*	383,638
State Department of Agriculture:											
Enterprise Fund											
State School Lunch Program (State Share)	18-100-010-3350-023	12,892	7/1/17 to 6/30/18			12,112	(12,892)	(780)		*	12,892
State School Lunch Program (State Share)	17-100-010-3350-023	12,704	7/1/16 to 6/30/17	(759)				(759)			
				<u>(759)</u>		<u>12,112</u>	<u>(12,892)</u>	<u>(1,539)</u>			<u>12,892</u>
Total State Financial Assistance Subject to OMB 15-08				\$ <u>(6,473,498)</u>	\$ <u>24,102,068</u>	\$ <u>(30,817,256)</u>	\$ <u>(13,188,686)</u>	\$ <u>(2,136,676)</u>	\$ <u>35,492,097</u>		
State Financial Assistance Not Subject to OMB 15-08											
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	2,253,904	7/1/16 to 6/30/17			\$ 2,253,904	\$ (2,253,904)				
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	1,455,749	7/1/16 to 6/30/17			1,455,749	(1,455,749)				
Long-term Disability (On Behalf - Non-Budge	18-495-034-5094-004	2,763	7/1/16 to 6/30/17			2,763	(2,763)				
Total State Financial Assistance						\$ <u>27,814,484</u>	\$ <u>(34,529,672)</u>				

The accompanying Notes to Financial Statements and Notes to the Schedules of Financial Assistance are an integral part of this schedule.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey Treasury Circular 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 (\$924) for the general fund and \$8,891 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:

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT.
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 72,254	\$ 27,049,947	\$ 27,122,201
Special Revenue Fund	1,890,030	686,906	2,576,936
Debt Service Fund		383,638	383,638
Capital Projects Fund		6,799,554	6,799,554
Food Service Fund	<u>1,032,902</u>	<u>12,892</u>	<u>1,045,794</u>
Total Awards & Financial Assistance	\$ <u>2,995,186</u>	\$ <u>34,932,937</u>	\$ <u>37,928,123</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

Penns Grove-Carneys Point Regional School District had no outstanding State or federal loans at June 30, 2018.

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, 2018. 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, 2018.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

School-wide programs are not separate Federal programs as defined under Uniform Guidance; amounts used in school wide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditure of Federal Awards. The district operates school wide programs for the high school and middle school. The elementary schools are on a targeted basis for their federal programs.

NOTE 8: MAJOR PROGRAMS

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

NOTE 9: ADJUSTMENTS

There was one adjustment for Federal Awards in the amount of \$212 from prior year balances and none on State Financial Assistance, as reflected on Schedule A and Schedule B.

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A170100	IDEA Basic
84.173	H173A170114	IDEA Preschool

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

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

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$924,518

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>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-101	Professional Learning Community Aid
4070-050-14-1001	NJSDA PG HS HVAC
4070-105-14-1008	NJSDA PG MS Renovation

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting 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 Treasury Circular 15-08 audit.

Finding: 2018-1(AMR Finding 2018-1)

Criteria or specific requirement:

The New Jersey Department of Agriculture requires a School Food Authority to maintain a nonprofit School Food Service. The nonprofit status of the School Food Service is determined by evaluating net cash resources, which may not exceed three months average expenditures.

Condition:

Net cash resources in the Food Service Fund exceeded three months average expenditures.

Context:

Utilizing the USDA net cash resource calculation form, it was determined the District's net cash resources exceeded three months' average expenditures by \$137,273, as of June 30, 2018.

Effect:

The New Jersey Department of Agriculture requirement regarding Net Cash Resources was not met.

Cause:

Inadvertent oversight.

Recommendation:

The District should implement a corrective action plan to effectively reduce the net cash resources on hand in the Food Service Fund through capital expenditure or otherwise.

Views of responsible officials and planned corrective actions:

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

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS N/A

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)

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

STATE AWARDS N/A

Finding:

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards 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 Treasury Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS - N/A

There were no prior year findings.