

**PENNSVILLE TOWNSHIP
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2018

Prepared by
Pennsville Township Board of Education
Finance Department

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

INTRODUCTORY SECTION

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

FINANCIAL SECTION

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

Basic Financial Statements

A. District-wide Financial Statements:	
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	31
Notes to the Financial Statements	32-61d

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules (Unaudited):	
C-1 Budgetary Comparison Schedule – General Fund	62-67
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	68

Notes to the Required Supplementary Information –Part II

C-3 Budget-to-GAAP Reconciliation	69
-----------------------------------	----

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

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information – Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	70
L-2 Schedule of District Contributions – PERS	71
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	72
L-4 Schedule of District Contributions – TPAF	73
Notes to the Required Supplementary Information – Part III	74
M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	74a
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	75-77
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	78
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	79
F-2a-n Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	80-93

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

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information (Continued)	
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	94
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	95
G-3 Combining Schedule of Cash Flows	96
Internal Service Fund:	
G-4 Combining Schedule of Net Position	97
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	98
G-6 Combining Schedule of Cash Flows	99
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	100
H-2 Combining Statement of Changes in Fiduciary Net Position	101
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	102
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	103
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	104
I-2 Schedule of Obligations under Capital Leases	105
I-3 Debt Service Fund Budgetary Comparison Schedule	106

STATISTICAL SECTION (Unaudited)

Financial Trends Information/Schedules

J-1 Net Position by Component	107
J-2 Changes in Net Position	108
J-3 Fund Balances – Governmental Funds	109
J-4 Changes in Fund Balance, Governmental Funds	110
J-5 General Fund Other Local Revenue by Source	111

Revenue Capacity Information

J-6 Assessed Value and Estimated Actual Value of Taxable Property	112
J-7 Direct and Overlapping Property Tax Rates	113
J-8 Principal Property Taxpayers	114
J-9 Property Tax Levies and Collections	115

Debt Capacity Information

J-10 Ratios of Outstanding Debt by Type	116
J-11 Ratios of General Bonded Debt Outstanding	117
J-12 Direct and Overlapping Governmental Activities Debt	118
J-13 Legal Debt Margin Information	119

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

<u>Exhibit</u>	<u>Page</u>
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	120
J-15 Principal Employers	121
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	122
J-17 Operating Statistics	123
J-18 School Building Information	124
J-19 Schedule of Required Maintenance Expenditures by School Facility	125
J-20 Insurance Schedule	126
SINGLE AUDIT SECTION	
K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	127-128
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance; and Report on Schedule of Expenditures Required by Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) And New Jersey OMB Circular 15-08	129-130
K-3 Schedule of Expenditures of Federal Awards - Schedule A	131
K-4 Schedule of Expenditures of State Financial Assistance - Schedule B	132
K-5 Notes to the Schedules of Awards and Financial Assistance	133-134
K-6 Schedule of Findings and Questioned Costs- Summary of Auditor's Results	135-136
K-7 Schedule of Findings and Questioned Costs - Financial Statement Federal Awards and State Financial Assistance	137-138
K-8 Summary Schedule of Prior Year Audit Findings	139

INTRODUCTORY SECTION



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

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

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

January 25, 2019

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

Dear Board Members:

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

1. REPORTING ENTITY AND ITS SERVICES:

Pennsville Township School District is an independent reporting entity within the criteria adopted by the GASB Statement No. 14. All funds and account groups of the District are included in this report. The Pennsville Township Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2017-2018 fiscal year with an enrollment of 1,753 students, which is a decrease from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-18	1,753	(1.90%)
2016-17	1,787	(.11%)
2015-16	1,789	(.05%)
2014-15	1,790	(3.56%)
2013-14	1,856	(2.92%)
2012-13	1,912	2.09%

2. MAJOR INITIATIVES:

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

Pre-K expansion- Pennsville School District was awarded the preschool expansion grant. We will bring the components of high-quality state preschool program to VP this January. The funding will enable us to hire certified teachers; implement a developmentally appropriate curriculum; provide coaches to support preschool educators to work with our children with disabilities and English language learners; and reduce class size.

Standards Based Grading at Central Park- We are continuing our journey to Standards Based Grading (SBG) which allows teachers to use ongoing formative assessments as a guide to inform classroom instruction. Students have the opportunity to practice their mastery of the standards without the penalty of earning a poor grade. This affords students the opportunity to learn from their mistakes. Ongoing assessment through SBG provides multiple methods to demonstrate content mastery. SBG communicates to the students and parents clearly and accurately student achievement around the standards. This transition commenced in the 17-18 school year beginning with math. During the 18-19 school year we are focusing on English Language Arts.

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

2. MAJOR INITIATIVES (Continued):

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

Title 1/ESY Summer Bridge- This summer we will continue to prepare students for maximum success when they enter the 18-19 school year. The Summer Bridge program will offer engaging mathematics and reading instruction with an individualized focus. Lessons will infuse technology, hands on experiments, and projects based learning. The Extended School Year (ESY) will provide special education and related services to students with disabilities beyond the 180 day school year. ESY services are provided during the summer break to prevent loss of basic skills.

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

3. INTERNAL ACCOUNTING CONTROLS:

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

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

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

4. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

5. ACCOUNTING SYSTEM AND REPORTS:

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

6. MANAGEMENT'S DISCUSSION AND ANALYSIS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

10. OTHER INFORMATION:

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

11. ACKNOWLEDGMENTS:

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

Respectfully submitted,

Dr. Michael Brodzik

Richard Davidson

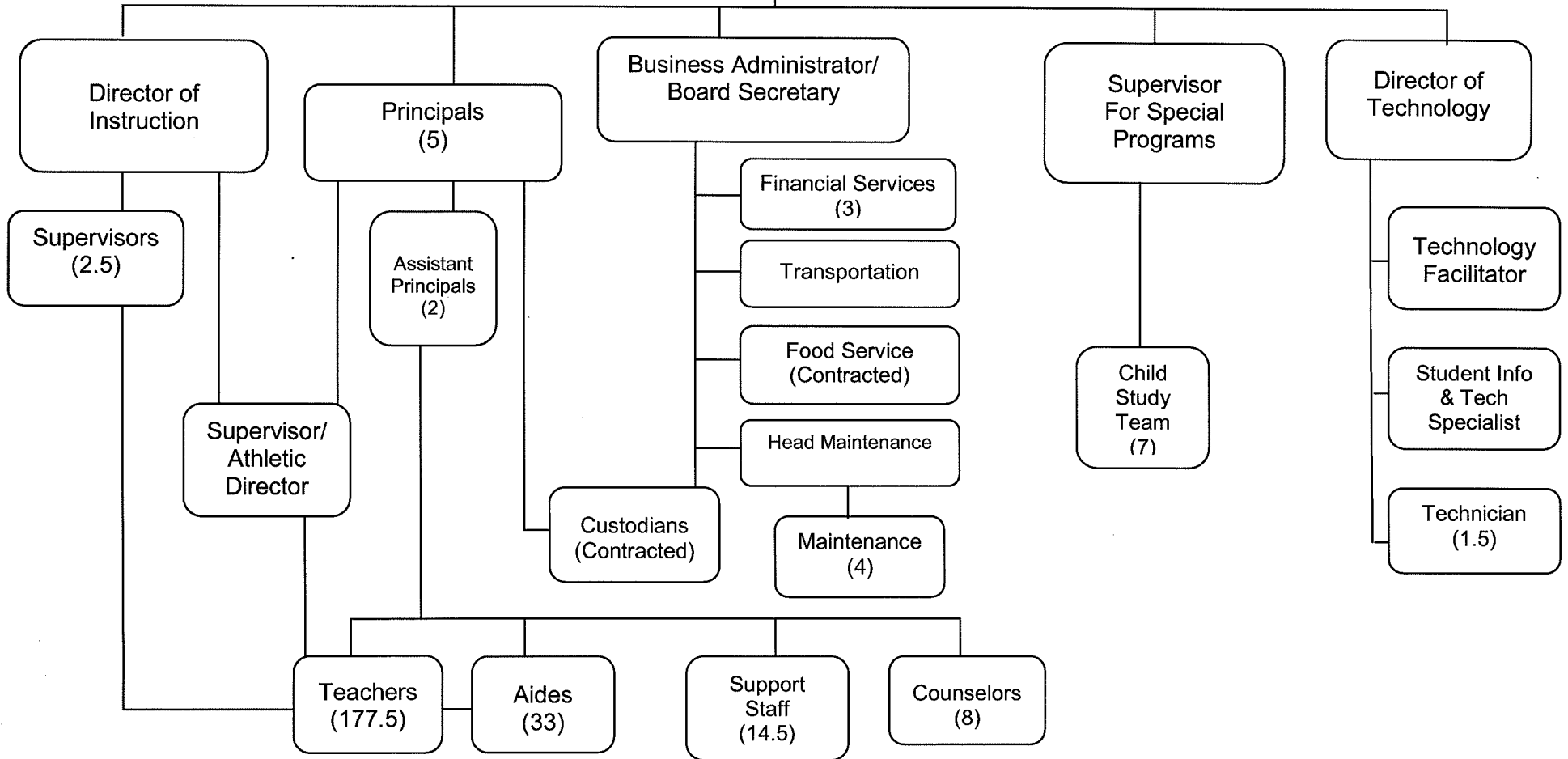
Dr. Michael Brodzik
Superintendent of Schools

Richard Davidson
Board Secretary/
Business Administrator

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

BOARD OF EDUCATION

SUPERINTENDENT OF SCHOOLS



PENNSVILLE TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Board Members Name</u>	<u>Position</u>	<u>Term Expires</u>
Katherine Bodine (To 6/18/2018)	President	2019
John Lang	Vice President	2020
Greg Acton		2020
Jack Nugent		2018
Keith Chambers		2020
Jeffrey Thomas		2018
Nancy Phillips (To 01/01/2018)		2018
Thomas Hassler		2019
Diana Staffieri-Morris		2019
Sharon Cook (From 1/29/2018)		2018

Other Officials

Michael Brodzik, Ed. D., Superintendent of Schools

Richard Davidson, Business Administrator/Board Secretary

John Willadsen, Treasurer of School Moneys

Mark Toscano, Solicitor

PENNSVILLE TOWNSHIP BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

ENGINEER

Remington & Vernick
232 Kings Highway
Haddonfield, New Jersey 08033

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORIES

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

INSURANCE AGENT

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

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Pennsville Township School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Pennsville Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Pennsville Township Board of Education in the County of Salem, State of New Jersey, as of June 30, 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 Pennsville Township School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

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

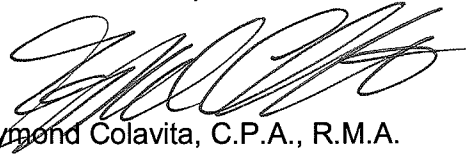
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 25, 2019 on our consideration of the Pennsville Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pennsville Township 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 Pennsville Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
January 25, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR JUNE 30, 2018**

(UNAUDITED)

This section of the Pennsville Township School District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments issued in June 1999. Certain comparative information between the current year (2017-18) and the prior year (2016-17) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the 2017-18 fiscal year include the following:

- Net position for governmental and business-type activities were \$1,755,245 and \$0, respectively.
- Net position for governmental activities increased by \$1,769,726 and net position for business-type activities decreased by \$13,862 from July 1, 2017 to June 30, 2018.
- The general fund, fund balance as of June 30, 2018 was \$1,485,621, an increase of \$339,304 when compared with the beginning balance as of July 1, 2017 of \$1,146,317.

Overview of the Financial Statements

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

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

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

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

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

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position - The District's net position for the fiscal years ended June 30, 2017 and 2018 is reflected in Table 2.

Table 2
Net Position

	2018			2017		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets:						
Current and Other Assets	\$ 3,810,759	\$ 64,385	\$ 3,875,144	\$ 15,201,539	\$ 95,924	\$ 15,297,463
Capital Assets, net	40,531,369	29,527	40,560,896	29,463,015	17,994	29,481,009
Total Assets	44,342,128	93,912	44,436,040	44,664,554	113,918	44,778,472
Deferred Outflows of Resources	2,523,334		2,523,334	2,916,419		2,916,419
Liabilities:						
Current and Other Liabilities	8,026,079	93,912	8,119,991	10,179,823	100,056	10,279,879
Long Term Liabilities:						
Due Within One Year	1,618,200		1,618,200	1,912,798		1,912,798
Due in more than One Year	33,927,322		33,927,322	35,502,833		35,502,833
Total Liabilities	43,571,601	93,912	43,665,513	47,595,454	100,056	47,695,510
Deferred Inflows of Resources	1,538,616		1,538,616			-
Net Position						
Net Investment in Capital Assets	6,310,701	29,527	6,340,228	(6,650,564)	17,994	(6,632,570)
Restricted for:						
Capital Projects	1,861,581		1,861,581	13,170,754		13,170,754
Permanent Endowment:						
Nonexpendable	88,722		88,722	88,721		88,721
Other Purposes	1,178,164		1,178,164	1,139,172		1,139,172
Unrestricted (Deficit)	(7,683,923)	(29,527)	(7,713,450)	(7,762,564)	(4,132)	(7,766,696)
Total Net Position (Deficit)	\$ 1,755,245	\$ -	\$ 1,755,245	\$ (14,481)	\$ 13,862	\$ (619)

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

- Program revenues were \$4,227,143 (operating grants and contributions - \$3,330,086 and charges for services \$897,057).
- General revenues, special items, extraordinary items, and transfers amounted to \$42,597,433.
- Expenditures, net of charges for services and grant revenue were \$40,841,569.
- Total District revenues, when added to the beginning net position along with adjustments, result in a calculation of net position of \$1,755,864 as of June 30, 2018.
- Total revenues of \$42,597,433 plus beginning net position of \$(619) less total net expenditures \$40,841,569 equals the ending net position of \$1,755,245.

Change in Net Position

Net position for governmental type activities increased and business-type activities increased from June 30, 2017 to June 30, 2018 as reflected in Table 3.

Table 3
Changes in Net Position

	2018			2017		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Program Revenues:						
Charges for Services	\$ 594,296	\$ 302,761	\$ 897,057	\$ 598,423	\$ 315,910	\$ 914,333
Operating Grants and Contributions	2,998,342	331,744	3,330,086	2,949,400	328,962	3,278,362
General Revenues:						
Property Taxes	22,063,034		22,063,034	20,792,706		20,792,706
Grants and Entitlements	20,046,030		20,046,030	16,705,692		16,705,692
Other	475,449	12,920	488,369	497,891		497,891
Total Revenues	\$ 46,177,151	\$ 647,425	\$ 46,824,576	\$ 41,544,112	\$ 644,872	\$ 42,188,984
Program Expenses						
Instruction	\$ 13,459,696	\$	\$ 13,459,696	\$ 12,868,261	\$	\$ 12,868,261
Tuition	2,343,389		2,343,389	1,799,241		1,799,241
Student and Instruction Related Serv	3,618,092		3,618,092	3,554,227		3,554,227
General Administration	604,557		604,557	603,386		603,386
School Administrative Serv	1,313,658		1,313,658	1,278,644		1,278,644
Central Services	404,197		404,197	410,757		410,757
Admin Information Tech	131,935		131,935	201,139		201,139
Plant Operations and Maint	2,724,632		2,724,632	2,675,206		2,675,206
Pupil Transportation	1,644,885		1,644,885	1,545,620		1,545,620
Unallocated Benefits	17,115,766		17,115,766	15,956,422		15,956,422
Debt Service	934,326		934,326	801,841		801,841
Unallocated Depreciation	112,292		112,292	99,361		99,361
Enterprise Operation		661,287	661,287		651,121	651,121
Total Expenses	44,407,425	661,287	45,068,712	41,794,105	651,121	42,445,226
Increase/(Decrease) in Net Position	\$ 1,769,726	\$ (13,862)	\$ 1,755,864	\$ (249,993)	\$ (6,249)	\$ (256,242)

Total revenues for the District were \$46,824,576. Government funding was the source of 49.9% of the District's revenues. This includes the State of New Jersey and Federal sources.

Property taxes of \$22,063,034 provided 47.1% of revenues.

Other miscellaneous revenues of \$1,385,426 represent 3.0% of the District revenues. Miscellaneous revenue was primarily provided from interest, tuition, and transportation fees.

The District's expenses for governmental activities are predominantly related to instruction and support services. Instruction together with tuition totaled \$15,803,085 or 35.1% of total expenditures. Student support services including transportation, exclusive of administration, totaled \$5,262,977 or 11.7% of the expenditures. Other administrative services totaled \$2,454,347 or 5.4% of total expenditures. Total revenues exceeded expenditures for governmental activities, increasing net position by \$1,769,726 from the beginning balance at July 1, 2017.

Activity Descriptions

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As the District completed the year, its governmental funds reported a combined fund balance of \$3,435,924, as compared to \$14,405,792 at June 30, 2017.

All governmental funds had total revenues of \$38,093,571 and total expenditures of \$49,050,519.

GENERAL FUND BUDGETING HIGHLIGHTS

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

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

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

Table 4
Comparison of Revenues

	2018	2017	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Local Sources				
Local Tax Levy	\$ 22,063,034	\$ 20,792,706	\$ 1,270,328	6.11%
Tuition	297,768	227,126	70,642	31.10%
Transportation	82,283	39,003	43,280	110.97%
Interest Earned	12,110	29,094	(16,984)	100.00%
Miscellaneous	101,481	202,668	(101,187)	-49.93%
Government Sources:				
State Sources	14,673,570	12,662,364	2,011,206	15.88%
Federal Sources	863,325	894,605	(31,280)	-3.50%
Total	\$ 38,093,571	\$ 34,847,566	\$ 3,246,005	9.31%

One of the primary sources of funding for the District is received from local property taxes and accounted for 57.9% of total revenues. State aid accounted for 38.5% of total revenues.

Total governmental fund revenues increased by \$3,246,005, or 9.31% from the previous year. The major components of this increase were the increase in the local tax levy and state aid.

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

Table 5
Comparison of Expenditures

	2018	2017	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Instruction				
Regular	\$ 9,221,957	\$ 8,818,051	\$ 403,906	4.58%
Special Education	2,408,713	2,504,837	(96,124)	-3.84%
Other Special Instruction	532,027	334,218	197,809	59.19%
Other Instruction	555,154	531,701	23,453	4.41%
Support Services:				
Tuition	2,343,389	1,799,241	544,148	30.24%
Student and Instruction Rel Ser	3,615,370	3,551,505	63,865	1.80%
General Administration	597,077	595,906	1,171	0.20%
School Administration	1,313,658	1,278,644	35,014	2.74%
Central Services	404,197	410,757	(6,560)	-1.60%
Administrative Information Tech	131,935	201,139	(69,204)	-34.41%
Plant Operations and Maint	2,626,350	2,569,927	56,423	2.20%
Pupil Transportation	1,644,885	1,545,620	99,265	6.42%
Employee Benefits	5,403,899	5,828,552	(424,653)	-7.29%
TPAF and FICA Reimb	3,860,513	3,384,138	476,375	14.08%
Capital Outlay	11,668,159	21,118,034	(9,449,875)	-44.75%
Debt Service - Interest	1,073,236	569,182	504,054	88.56%
Debt Service - Principal	1,650,000		1,650,000	100.00%
Total	\$ 49,050,519	\$ 55,041,452	\$ (5,990,933)	-10.88%

Total governmental fund expenditures decreased by \$5,990,933 or 10.88% from the previous year. This decrease was primarily due to the decrease of capital outlay in the current year.

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

During the course of fiscal year 2018, the District modified the general fund budget as needed to ensure no line item was projected to be over-expended.

FOOD SERVICE ENTERPRISE FUND

The Food Service Fund had net position of \$0 as of June 30, 2018, which is made up of the investment in fixed assets of \$29,527, offset by an operating deficit of \$29,527. This reflects a net decrease of \$13,862.

INTERNAL SERVICE FUNDS

The Internal Services Fund had net position of \$323,129 as of June 30, 2018. This reflects a decrease of \$19,712 from June 30, 2017.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

At the end of 2018, the District had capital assets allocated to governmental activities with a book value of \$40,531,369. This consists of a broad range of capital assets, including land, site and site improvements, and machinery and equipment. Total depreciation expense for the year was \$353,610.

Table 6 summarizes capital assets.

Table 6
Capital Assets (Net of Depreciation)
As of June 30, 2018 and 2017

	2018			2017		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land, Site and Site Improvements	\$ 1,321,900	\$	\$ 1,321,900	\$ 1,351,719	\$	\$ 1,351,719
Building and Improvements	2,084,634		2,084,634	2,183,257		2,183,257
Machinery and Equipment	686,178	29,527	715,705	798,607	17,994	816,601
Construction in Progress	36,438,657		36,438,657	25,129,432		25,129,432
Total	\$ 40,531,369	\$ 29,527	\$ 40,560,896	\$ 29,463,015	\$ 17,994	\$ 29,481,009

Long-Term Obligations

At June 30, 2018, the District's outstanding debt was \$35,545,522 and included \$33,975,000 in Serial Bonds, \$1,323,691 in compensated absences and \$246,831 in capital leases.

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

Table 7 summarizes long-term obligations.

Table 7
Long-Term Obligations
As of June 30, 2018 and 2017

	2018			2017		
	Governmental Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Serial Bonds	\$ 33,975,000		\$ 33,975,000	\$ 35,625,000		\$35,625,000
Obligations Under Capital Lease	246,831		246,831	489,736		489,736
Compensated Absences	1,323,691		1,323,691	1,300,895		1,300,895
Total	\$ 35,545,522		\$ 35,545,522	\$ 37,415,631		\$37,415,631

For The Future

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 2,448,925	\$ 15,544	\$ 2,464,469
Receivables, Net	1,361,827	27,202	1,389,029
Interfund Receivable	7		7
Inventory		21,639	21,639
Depreciable Capital Assets, Net	40,531,369	29,527	40,560,896
Total Assets	44,342,128	93,912	44,436,040
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	2,523,334		2,523,334
	2,523,334		2,523,334
LIABILITIES:			
Accounts Payable			
Accrued Interest Payable	309,154		309,154
Payable to State Government	20,793		20,793
Interfund Payable		79,102	79,102
Net Pension Liability	7,665,219		7,665,219
Unearned Revenue	30,913	14,810	45,723
Noncurrent Liabilities (Note 7):			
Due Within One Year	1,618,200		1,618,200
Due Beyond One Year	33,927,322		33,927,322
Total Liabilities	43,571,601	93,912	43,665,513
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	1,538,616		1,538,616
NET POSITION:			
Invested in Capital Assets, Net of Related Debt Restricted for:	6,310,701	29,527	6,340,228
Permanent Endowment- Nonexpendable	88,722		88,722
Capital Projects	1,861,581		1,861,581
Other Purposes	1,178,164		1,178,164
Unrestricted (Deficit)	(7,683,923)	(29,527)	(7,713,450)
Total Net Position (Deficit)	\$ 1,755,245	\$ -	\$ 1,755,245

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 9,226,363	\$	\$ 803,511	\$ (8,422,852)	\$	\$ (8,422,852)
Special Education	2,409,443			(2,409,443)		(2,409,443)
Other Special Instruction	532,027	594,296		62,269		62,269
Other Instruction	1,291,863			(1,291,863)		(1,291,863)
Support Services:						
Tuition	2,343,389			(2,343,389)		(2,343,389)
Student & Instruction Related Services	3,618,092		92,907	(3,525,185)		(3,525,185)
General Administrative Services	604,557			(604,557)		(604,557)
School Administrative Services	1,313,658			(1,313,658)		(1,313,658)
Central Services	404,197			(404,197)		(404,197)
Administrative Information Technology	131,935			(131,935)		(131,935)
Plant Operations and Maintenance	2,724,632			(2,724,632)		(2,724,632)
Pupil Transportation	1,644,885			(1,644,885)		(1,644,885)
Employee Benefits	17,115,766		2,101,924	(15,013,842)		(15,013,842)
Interest on Long-Term Debt	934,326			(934,326)		(934,326)
Unallocated Depreciation	112,292			(112,292)		(112,292)
Total Governmental Activities	44,407,425	594,296	2,998,342	(40,814,787)		(40,814,787)
Business-Type Activities:						
Food Service	661,287	302,761	331,744		(26,782)	(26,782)
Total Business-Type Activities	661,287	302,761	331,744		(26,782)	(26,782)
Total Primary Government	\$ 45,068,712	\$ 897,057	\$ 3,330,086	(40,814,787)	(26,782)	(40,841,569)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				22,063,034		22,063,034
Federal and State Aid				20,046,030		20,046,030
Tuition				297,768		297,768
Transportation fees from Individuals				82,283		82,283
Investment Earnings				12,110		12,110
Miscellaneous Income				101,481		101,481
Fixed Asset Adjustment				(5,273)		(5,273)
Transfer				(12,920)	12,920	
				42,584,513	12,920	42,597,433
Change in Net Position				1,769,726	(13,862)	1,755,864
Net Position (Deficit) — Beginning of Year				(14,481)	13,862	(619)
Net Position — End of Year				\$ 1,755,245	\$ -	\$ 1,755,245

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 17,821	\$ 154,642	\$ 1,769,867	\$ 88,722	\$ 2,031,052
Interfund Accounts Receivable	1,254,282				1,254,282
State Aid Receivable	219,447		619,960		839,407
Other	10,973				10,973
Tuition Receivable	14,011				14,011
Federal Grants Receivable		384,940			384,940
Total Assets	\$ 1,516,534	\$ 539,582	\$ 2,389,827	\$ 88,722	\$ 4,534,665
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$	\$	\$	\$	
Due to Other Funds		518,789	528,246		1,047,035
Payable to State Government		20,793			20,793
Unearned Revenue	30,913				30,913
Total Liabilities	30,913	539,582	528,246		1,098,741
Fund Balances:					
Non-expendable:					
Permanent Fund Principal				88,722	88,722
Restricted:					
Capital Reserve	1,163				1,163
Capital Projects			161,164		161,164
Maintenance Reserve	500,500				500,500
Excess Surplus	77,289				77,289
Excess Surplus Designated For Subsequent Year's Expenditures	600,375				600,375
Committed - Capital Projects Fund Assigned			1,700,417		1,700,417
Designated for Subsequent Year's Expenditures	365,233				365,233
Unassigned (Deficit) - General Fund	(58,939)				(58,939)
Total Fund Balances	1,485,621		1,861,581	88,722	3,435,924
Total Liabilities and Fund Balances	\$ 1,516,534	\$ 539,582	\$ 2,389,827	\$ 88,722	

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 \$49,863,957 and the accumulated depreciation is \$9,332,588 (See Note 5).	40,531,369
Deferred Outflow of Resources - Deferred Pension Contribution.	2,523,334
Deferred Inflows of Resources - Pension Actuarial Gains.	(1,538,616)
Long Term Net Pension Liability	(7,665,219)
Accrued interest is not payable within the current year and therefore, not reported in the funds.	(309,154)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 6).	(35,545,522)
Internal Service fund added in since the academic activities with other LEAs are governmental in nature	323,129
Net Position of governmental activities (Deficit)	\$ 1,755,245

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES:						
Local Sources:						
Local Tax Levy	\$ 20,627,995	\$	\$	\$ 1,435,039		\$ 22,063,034
Tuition Charges	297,768					297,768
Transportation Charges	82,283					82,283
Interest Earned	7,312		4,797		1	12,110
Miscellaneous	101,481					101,481
Total Local Sources	21,116,839		4,797	1,435,039	1	22,556,676
State Sources	13,291,387	93,934	52	1,288,197		14,673,570
Federal Sources	46,607	816,718				863,325
Total Revenues	34,454,833	910,652	4,849	2,723,236	1	38,093,571
EXPENDITURES:						
Instruction						
Regular Instruction	8,418,446	803,511				9,221,957
Special Education Instruction	2,408,713					2,408,713
Other Special Instruction	532,027					532,027
Other Instruction	555,154					555,154
Support Services and Undistributed Costs:						
Tuition	2,343,389					2,343,389
Student and Instruction Related Services	3,522,463	92,907				3,615,370
General Administrative Services	597,077					597,077
School Administrative Services	1,313,658					1,313,658
Central Services	404,197					404,197
Administrative Information Technology	131,935					131,935
Plant Operations and Maintenance	2,626,350					2,626,350
Pupil Transportation	1,644,885					1,644,885
Employee Benefits	9,250,178	14,234				9,264,412
Capital Outlay	358,934		11,309,225			11,668,159
Debt Service - Interest				1,073,236		1,073,236
Debt Service - Principal				1,650,000		1,650,000
Total Expenditures	34,107,406	910,652	11,309,225	2,723,236		49,050,519
Excess (Deficiency) of Revenues over Expenditures	347,427		(11,304,376)		1	(10,956,948)
OTHER FINANCING SOURCES (USES):						
Interest in Capital Project Fund	4,797		(4,797)			
Transfer to Food Service Fund	(12,920)					(12,920)
Total Other Financing Sources and Uses	(8,123)		(4,797)			(12,920)
Net Changes in Fund Balances	339,304		(11,309,173)		1	(10,969,868)
Fund Balance — Beginning of Year	1,146,317		13,170,754		88,721	14,405,792
Fund Balance — End of Year	\$ 1,485,621	\$	\$ 1,861,581	\$	88,722	\$ 3,435,924

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds \$ (10,969,868)

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	\$ (348,613)	
Fixed Asset Adjustment	(5,273)	
Capital Outlays	11,422,240	
		11,068,354

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (321,081)

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

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

Capital Lease Principal		242,905
Bond Principal		1,650,000

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. 141,924

Expenditures, net of charges, for services in the Statement of Activities that represent Internal Service Fund activity are not reported as expenditures in the Governmental Funds (19,712)

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. (22,796)

Change in Net Position of Governmental Activities **\$ 1,769,726**

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

PROPRIETARY FUNDS

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	
	<u>Food Service</u>	<u>Internal Service Fund</u>	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 15,544	\$ 338,771	\$ 354,315
Accounts Receivable	27,202	112,496	139,698
Inventories	21,639		21,639
Total Current Assets	<u>64,385</u>	<u>451,267</u>	<u>515,652</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	404,567	193,479	598,046
Less: Accumulated Depreciation	(375,040)	(193,479)	(568,519)
Total Noncurrent Assets	<u>29,527</u>		<u>29,527</u>
Total Assets	<u>93,912</u>	<u>451,267</u>	<u>545,179</u>
LIABILITIES :			
Current Liabilities:			
Due to General Fund	79,102	128,138	207,240
Unearned Revenue	14,810		14,810
Total Current Liabilities	<u>93,912</u>	<u>128,138</u>	<u>222,050</u>
NET POSITION:			
Net Investment in Capital Assets	29,527		29,527
Unrestricted (Deficit)	(29,527)	323,129	293,602
Total Net Position	<u>\$ -</u>	<u>\$ 323,129</u>	<u>\$ 323,129</u>

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities-	Governmental Activities	
	Food Service	Internal Service Fund	Totals
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 170,062	\$	\$ 170,062
Daily Sales - Non-Reimbursable Programs	13,850		13,850
Special Functions	109,325		109,325
Program Fees	9,524	594,296	603,820
Total Operating Revenues	302,761	594,296	897,057
OPERATING EXPENSES:			
Salaries and Benefits	295,174	562,165	857,339
Supplies and Materials	28,362	8,530	36,892
Cost of Sales - Reimbursable Programs	228,235		228,235
Cost of Sales - Non Reimbursable Programs	44,791		44,791
Other Purchased Services		43,313	43,313
Depreciation	4,997		4,997
Management/Admin Fee	42,015		42,015
Miscellaneous	17,713		17,713
Total Operating Expenses	661,287	614,008	1,275,295
Operating Income (Loss)	(358,526)	(19,712)	(378,238)
NON-OPERATING REVENUES (EXPENSES):			
State Sources:			
State School Lunch Program	6,046		6,046
Federal Sources:			
National School Breakfast Program	39,912		39,912
National School Lunch Program	238,605		238,605
National School Snack Program	1,838		1,838
Food Distribution Program	45,343		45,343
Total Non-Operating Revenues (Expenses)	331,744		331,744
Change in Net Position	(26,782)	(19,712)	(46,494)
Other Financing Sources and Uses:			
Transfer from General Fund	12,920		12,920
Net Change in Position	(13,862)	(19,712)	(33,574)
Net Position — Beginning of Year	13,862	342,841	356,703
Net Position — Ending of Year	\$ -	\$ 323,129	\$ 323,129

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities-</u>	<u>Governmental Activities</u>	<u>Total Enterprise</u>
	<u>Food Service</u>	<u>Internal Service Fund</u>	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 302,761	\$ 594,296	\$ 897,057
Payments to Employees and Employee Benefits	(295,174)	(562,165)	(857,339)
Payments to Suppliers	(276,894)	57,115	(219,779)
Net Cash Provided by (used for) Operating Activities	<u>(269,307)</u>	<u>89,246</u>	<u>(180,061)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
State Sources	6,046		6,046
Federal Sources	280,355		280,355
Transfer from General Fund	12,920		12,920
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>299,321</u>		<u>299,321</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of Capital Assets	(16,530)		(16,530)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(16,530)</u>		<u>(16,530)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,484	89,246	102,730
Balances — Beginning of Year	2,060	249,525	251,585
Balances — End of Year	<u>\$ 15,544</u>	<u>\$ 338,771</u>	<u>\$ 354,315</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (358,526)	\$ (19,712)	\$ (378,238)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Depreciation and Net Amortization	4,997		4,997
Food Distribution Program	45,343		45,343
(Increase) Decrease in Accounts Receivable	49,826	108,958	158,784
(Increase) Decrease in Inventories	(4,803)		(4,803)
Increase (Decrease) in Accounts Payable	(12,920)		(12,920)
Increase (Decrease) in Due to General			-
Increase (Decrease) in Unearned Revenue	6,776		6,776
Total Adjustments	<u>89,219</u>	<u>108,958</u>	<u>198,177</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (269,307)</u>	<u>\$ 89,246</u>	<u>\$ (180,061)</u>

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

FIDUCIARY FUNDS

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>June 30, 2018</u>		
	<u>Agency Funds</u>		
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:			
Cash and Cash Equivalents	\$ 54,566	\$ 215,861	\$ 222,331
Total Assets	<u>\$ 54,566</u>	<u>\$ 215,861</u>	<u>\$ 222,331</u>
LIABILITIES:			
Due to General Fund			7
Payroll Deductions and Withholdings			30,959
Accounts Payable	6,708		
Payable to Student Groups		215,861	
Flexible Spending Reserve			20,128
Summer Payment Salaries and Wages			171,237
Total Liabilities	<u>6,708</u>	<u>\$ 215,861</u>	<u>\$ 222,331</u>
NET POSITION:			
Held in Trust for:			
Unemployment Claims and Other Purposes	<u>\$ 47,858</u>		

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Unemployment Compensation Trust	Total
	<u>Trust</u>	<u>Total</u>
OPERATING REVENUES:		
Deduction from Employees Salaries	\$ 39,754	\$ 39,754
Interest Earned	42	42
Total Operating Revenues	<u>39,796</u>	<u>39,796</u>
OPERATING EXPENSES:		
Quarterly Contributions Reports	35,129	35,129
Total Operating Expenses	<u>35,129</u>	<u>35,129</u>
Operating Income (Loss)	<u>4,667</u>	<u>4,667</u>
Net Position — Beginning of Year	<u>43,191</u>	<u>43,191</u>
Net Position — End of Year	<u>\$ 47,858</u>	<u>\$ 47,858</u>

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity/Component Units:

The Pennsville Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the District functions independently through a Board of Education. The Board is comprised of 9 members elected to three-year terms. The purpose of the District is to educate students in grades K-12. The District had an approximate enrollment at June 30, 2018 of 1,766 students.

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

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

B. Government-Wide and Fund Financial Statements:

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting:

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

Governmental Funds

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

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

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

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

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

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

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

Proprietary Funds

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

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

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

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

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

Food service fund:
Machinery and equipment - 15 years

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

Fiduciary Funds

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

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

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

D. Measurement Focus

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus (Continued)

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

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

E. Basis of Accounting

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

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

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Basis of Accounting (Continued)

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

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

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

F. Budgets/Budgetary Control

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgets/Budgetary Control (Continued)

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

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

G. Encumbrances

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

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

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

H. Cash, Cash Equivalents, and Investments

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

I. Tuition Receivable

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

J. Tuition Receivable

Tuition charges for the fiscal years 2016-17 and 2017-18 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

K. Inventories

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

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

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

Inventory consists of donated food, purchased food and supplies. As of June 30, 2018, Inventory in the Food Service Enterprise Fund consisted of the following:

Purchased Food	\$ 8,382
Commodity Food	9,661
Supplies	<u>3,596</u>
Total	<u>\$ 21,639</u>

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

L. Prepaid Expense

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Prepaid Expense (Continued)

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

M. Short-Term Interfund Receivables/Payables

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

N. Capital Assets

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

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

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

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

O. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned, but undisbursed amounts be retained in a separate bank account. As of June 30, 2018, the amount earned by these employees, but not disbursed was \$171,237.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Compensated Absences

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

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

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

Q. Unearned Revenue

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

R. Accrued Liabilities and Long-Term Obligations

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

S. Net Position

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

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

T. Fund Balance

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Fund Balance (Continued)

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Operating and Non-Operating Revenues and Expenses

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

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

V. Interfund Activity

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

W. Use of Estimates

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

X. New Accounting Standards:

The 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.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

X. New Accounting Standards (Continued):

- 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.

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.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

X. New Accounting Standards (Continued):

- 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. 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.

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

X. New Accounting Standards (Continued):

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.

NOTE 2 - CASH AND CASH EQUIVALENTS

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

As of June 30, 2018, the District's bank balance of \$4,111,609 was insured or collateralized as follows:

Insurance	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		3,861,609
Total	\$	4,111,609

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

		Cash and Equivalents
Checking accounts	\$	2,789,403
Savings accounts		88,722
Total	\$	2,878,125

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3 - CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (July to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the excess approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.l (g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance July 1, 2017	\$	1,157
Interst Earnings - Budget		6
Ending Balance June 30, 2018	\$	1,163

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects is \$2,470,365.

NOTE 4 - 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 the fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Internal Service Fund	Total
State	\$ 219,447		\$ 619,960			\$ 839,407
Federal		384,940		21,357		406,297
Other	24,984			5,845	112,496	143,325
Total	\$ 244,431	\$ 384,940	\$ 619,960	\$ 27,202	\$ 112,496	\$ 1,389,029

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5- CAPITAL ASSETS

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

	Balance as of June 30, 2017	Additions	Disposals	Adjustments	Balance as of June 30, 2018
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in Progress	25,129,432	11,309,225			36,438,657
Total Capital Assets, not being Depreciated	25,129,432	11,309,225			36,438,657
Capital Assets, being Depreciated					
Site and Site Improvements	2,133,681	79,941	(11,200)		2,202,422
Buildings and Building Improvement	8,761,904	19,054	(3,500)		8,777,458
Machinery and Equipment	2,454,595	14,020	(23,195)		2,445,420
Total at Historical Cost	13,350,180	113,015	(37,895)		13,425,300
Less Accumulated Depreciation:					
Site and Site Improvement	(781,962)	(105,280)	6,720		(880,522)
Buildings and Building Improvements	(6,578,647)	(117,537)	3,360		(6,692,824)
Machinery and Equipment	(1,655,988)	(125,796)	22,542		(1,759,242)
Total Accumulated Depreciation	(9,016,597)	(348,613)	32,622		(9,332,588)
Total Capital Assets Being Depreciated, net	4,333,583	(235,598)	(5,273)		4,092,712
Governmental Activities Capital Assets, net	\$ 29,463,015	\$ 11,073,627	\$ (5,273)	\$ -	\$ 40,531,369
Business-Type Activities:					
Capital Assets, being Depreciated:					
Machinery and Equipment	\$ 388,037	\$ 16,530	\$ (47,979)		\$ 356,588
Less Accumulated Depreciation	(370,043)	(4,997)	47,979		(327,061)
Business-Type Activities Capital Assets, net	\$ 17,994	\$ (4,997)	\$ -	\$ -	\$ 29,527

Depreciation expense in the amount of \$348,613 was charged to governmental functions as follows:

Unallocated	\$ 348,613
Total Depreciation Expense	\$ 348,613

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 6 - GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the general long-term debt account group:

	Principal Outstanding June 30, 2017	Additions	Reductions	Principal Outstanding June 30, 2018	Amounts Due Within One Year	Amounts Due Past One Year
Obligation under						
Capital Lease	\$ 489,736	\$	\$ 242,905	\$ 246,831	\$ 246,831	\$ -
Serial Bonds Payable	35,625,000		1,650,000	33,975,000	1,315,000	32,660,000
Compensated Absences Payable	1,300,895	22,796		1,323,691	56,369	1,267,322
Total	\$ 37,415,631	\$ 22,796	\$ 1,892,905	\$ 35,545,522	\$ 1,618,200	\$ 33,927,322

As of June 30, 2018, there exists a balance of outstanding principal in the 2017 bond issues for \$19,700,000 and \$14,275,000. Combined Principal and interest due on the serial bond issue outstanding as of June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,315,000	\$ 913,544	\$ 2,228,544
2020	1,380,000	883,313	2,263,313
2021	1,450,000	849,875	2,299,875
2022	1,525,000	814,751	2,339,751
2023	1,600,000	777,877	2,377,877
2024	1,680,000	739,189	2,419,189
2025	1,750,000	697,501	2,447,501
2026	1,825,000	652,813	2,477,813
2027	1,950,000	603,625	2,553,625
2028	2,025,000	549,875	2,574,875
2029	2,100,000	494,125	2,594,125
2030	2,175,000	433,125	2,608,125
2031	2,200,000	367,500	2,567,500
2032	2,200,000	301,500	2,501,500
2033	2,200,000	235,500	2,435,500
2034	2,200,000	168,938	2,368,938
2035	2,200,000	101,813	2,301,813
2036	2,200,000	34,125	2,234,125
	\$ 33,975,000	\$ 9,618,989	\$ 43,593,989

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6 - GENERAL LONG-TERM DEBT (Continued)

A. Bonds Payable

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

On February 17, 2016, the District issued \$20,900,000 in general obligation bonds at various interest rates for building improvements. Also, on November 9, 2016, the District issued \$14,725,000 in general obligation bonds at various interest rates for building improvements. The final maturity of the bonds will be in 2035. The first principal payments were on September 1, 2017 and the Balance at June 30, 2018 was \$33,975,000.

B. As of June 30, 2018, the District had no authorized but not issued bonds.

C. Capital Leases

At June 30, 2018, the District had capital lease obligations as follows:

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

The following is a schedule of the minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2018.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 246,831	\$ 2,984	\$ 249,815

D. Temporary Notes Payable

As of June 30, 2018, the District had no temporary notes payable.

E. Interest Expense

No interest expense was capitalized nor paid by the debt service fund during the fiscal year ending June 30, 2018.

F. Compensated Absences

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

NOTE 7. PENSION PLANS

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (Continued)

The following represents the membership tiers for PERS and TPAF:

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

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. 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 \$323,951 and \$294,813 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 \$17,045,434. Payroll covered by PERS was \$2,334,847 for fiscal year 2018. Contributions to the system for the year ended June 30, 2018 were as follows:

	<u>PERS</u>
Employees	\$ 171,378
District	<u>323,951</u>
Total	<u>\$ 495,329</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

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	\$ 40,150	\$ 250,028	\$ 323,951	\$ N/A	\$ 323,951

Components of Net Pension Liability - At June 30, 2018, the District's proportionate share of the PERS net pension liability was \$7,665,219. 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 0.032928% which was an increase of 0.00161% 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 \$655,263. 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	\$ 180,489	\$
Changes of assumptions	1,544,277	1,538,616
Net difference between projected and actual earnings on pension plan investments	52,195	
Changes in proportion	422,422	
Contributions subsequent to the measurement date	323,951	
Total	\$ 2,523,334	\$ 1,538,616

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	\$ 227,540
2019	311,981
2020	212,697
2021	(111,729)
2022	20,277
Thereafter	
Total	\$ 660,766

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

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

Year		6/30/2018		6/30/2017
Collective deferred outflows of resources	\$	2,523,334	\$	2,916,419
Collective deferred inflows of resources	\$	1,538,616	\$	
Collective Net Pension Liability	\$	7,665,219	\$	9,275,839
District's Proportion		0.032928%		0.031319%

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.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 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:

	<u>1%</u> <u>Decrease</u> <u>(4.00%)</u>	<u>Current</u> <u>Discount</u> <u>(5.00%)</u>	<u>1%</u> <u>Increase</u> <u>(6.00%)</u>
District's proportionate share of the net pension liability	\$ <u>9,509,224</u>	\$ <u>7,665,219</u>	\$ <u>6,128,934</u>

Teachers' Pension and Annuity Fund

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

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.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (Continued)

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)

<i>Year</i>	<i>Annual</i>	<i>Percentage</i>	<i>Net</i>
<i>Funding</i>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	Contributed	Obligation
6/30/18	\$ 1,770,167	100 %	\$ N/A
6/30/17	2,208,101	100	N/A
6/30/16	2,208,101	100	N/A

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$1,770,167 to the TPAF for pension contributions, \$1,143,313 for post-retirement benefits on behalf of the School, and \$2,656 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$944,377 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 \$5,576,408 and revenue of \$5,576,408 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:

	TPAF
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%

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (Continued)

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.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. 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 are the responsibility of the individual local education employers.

Employees covered by benefit terms: 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.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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 \$87,644,212. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.16339%. 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%
Salary Increases:	Based on	Based on
Through 2026	Years of Service	Age
Thereafter	1.55% - 4.55%	2.15% - 4.15%
	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.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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	\$ 95,174,868
Changes for the year:	
Service cost	3,344,541
Interest cost	2,780,136
Changes of benefit terms	
Differences between expected and actual	
Changes in assumptions or other inputs	(11,700,058)
Member contributions	74,751
Gross benefit payments	(2,030,026)
Net changes	(7,530,656)
Balance as of June 30, 2017 Measurement Date	\$ 87,644,212

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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 \$4,844,549. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions		10,365,330
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion		538,331
Contributions subsequent to the measurement date		
Total	\$	\$ 10,903,661

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Measurement Period Ending June 30,		OPEB
2018	\$	1,086,513
2019		1,086,513
2020		1,086,513
2021		1,086,513
2022		1,086,513
Thereafter		3,846,255
Total	\$	9,278,820

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.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - CONTINGENT LIABILITIES

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

NOTE 10 - COMPENSATED ABSENCES

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the proprietary fund types.

NOTE 11- DEFERRED COMPENSATION

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

The Legend Group Financial Services
MetLife
Lincoln Investments
Equitable
Valic

NOTE 12 - RISK MANAGEMENT

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - RISK MANAGEMENT (Continued)

The District participates in the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund (GCSSDJIF), public entity risk pool. Coverage under this joint plan offers workers' compensation, boiler and machinery, automobile liability, general liability, property, crime, school board legal liability, and pollution legal liability coverage. The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies. No contingency provision has been made in these financial statements as no deficiencies occurred as of June 30, 2018 for the joint insurance pool.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018		\$ 39,796	\$ 35,129	\$ 47,858
2016-2017		39,933	30,553	43,191
2015-2016		34,521	22,776	33,811

NOTE 13 - INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund balances at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,254,282	
Special Revenue Fund		\$ 518,789
Capital Project Fund		528,246
Enterprise Fund		79,102
Internal Service Fund		128,138
Payroll Account		7
	<u>\$ 1,254,282</u>	<u>\$ 1,254,282</u>

All interfunds were created as a result of short-term borrowings to cover cash flow needs in the various funds, as well as 2018's interest earnings. These interfunds are expected to be liquidated within the next fiscal cycle. The fund financial interfunds were eliminated in the governmental-wide statements.

NOTE 14 - FUND BALANCE APPROPRIATED

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

Nonspendable:

As of June 30, 2018, the balance in the permanent fund account is \$88,722.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - FUND BALANCE APPROPRIATED (Continued)

Spendable:

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

Restricted Capital reserve - As of June 30, 2018, the balance in the capital reserve account is \$1,163 which is restricted for future capital outlay expenditures for capital projects in the District's approved Long Range Facilities Plan.

Restricted Maintenance reserve – In June of 2017, the Board of Education approved the transfer of \$100,000 into a maintenance reserve account, which is restricted for future expenditures. In June of 2018, the Board of Education approved the transfer of an additional \$400,000 into the maintenance reserve account, along with \$500 in interest earnings, resulting in a balance of \$500,500 at June 30, 2018.

Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess surplus as of June 30, 2018 was \$677,664, of which \$600,375 must be appropriated in the 2018-19 budget and \$77,289 must be budgeted in the 2019-20 budget.

Capital Projects Fund – As of June 30, 2018, the total fund balance in the capital project fund was \$1,861,581, consisting of Encumbrances of \$1,700,417 and a Committed but unspent balance of \$161,164.

On January 6, 2014, the District's Board received approval for the replacement of the fire alarm system at the high school in the amount of \$370,600, of which NJSDA Grant funding was awarded in the amount of \$148,240, with the remaining \$222,360 funded through budgeted Capital Outlay. The unspent amount on this project at June 30, 2018 was \$38,056 (See Exhibit F2 a).

On January 6, 2014, the District received approval for the replacement of windows and transom at the high school in the amount of \$1,256,640, of which NJSDA funding was awarded in the amount of \$502,656, with the remaining \$753,984 funded through budgeted Capital Reserve. The unspent amount on this project at June 30, 2018 was \$22,068 (See Exhibit F2 b).

On February 17, 2016, the District's Board issued Serial Bonds in the amount of \$20,900,000 for building improvements and equipment, of which \$19,700,000 is payable as of June 30, 2018. The unspent balance on the projects funded by this Bond Ordinance, as of June 30, 2018, is \$0 (See Exhibit F2 c-h).

On November 9, 2016, the District's Board issued Serial Bonds in the amount of \$14,725,000 for building improvements and equipment, of which \$14,275,000 is payable as of June 30, 2018. The unspent amount on the projects funded by this bond issue, as of June 30, 2018, was \$101,040 (see Exhibit F2 i-n).

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - FUND BALANCE APPROPRIATED (Continued)

Assigned Other Purposes – The spendable portion of the permanent fund was \$16 as of June 30, 2018.

Assigned and Designated by the Board of Education for Subsequent Year's Expenditures - The District has appropriated and included as anticipated revenue \$365,233 of unrestricted fund balance.

Assigned for Year End Encumbrances - As of June 30, 2018, the District had \$0 in encumbrances outstanding for purchase orders and contracts signed by the District but not completed.

Unassigned - This is the remainder of the District's equity in the governmental fund types. The total balance is a deficit of \$58,939 as of June 30, 2018.

NOTE 15 - DEFICIT FUND BALANCES

The District has a deficit fund balance of \$58,939 in the General 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, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing differences of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's general fund deficit is less than the last state aid payments of \$819,693.

NOTE 16 - TAX ABATEMENT

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

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.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 17 - MAINTENANCE RESERVE ACCOUNT

A Maintenance Reserve Account was established by the Board of Education and is maintained in the General Fund.

Funds placed in the Maintenance Reserve Account are restricted to the amount reflected in the adopted budget. A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (July to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both.

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	\$ 100,000
Interest Earnings - Budget	500
Transfer from General Fund	400,000
	<hr/>
Ending Balance June 30, 2018	\$ 500,500

The June 30, 2018 LRFPP balance of local support costs of uncompleted capital projects is \$83,672.

NOTE 18 - SUBSEQUENT EVENTS

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

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$ 20,627,995		\$ 20,627,995	\$ 20,627,995	
Tuition from other LEA's	102,439		102,439	297,768	195,329
Transportation Fees from Individuals	55,000		55,000	82,283	27,283
Interest Earned				6,806	6,806
Interest Earned on Capital Reserve Funds				6	6
Interest Earned on Maintenance Reserve Funds				500	500
Miscellaneous	222,000		222,000	101,481	(120,519)
Total - Local Sources	21,007,434		21,007,434	21,116,839	109,405
State Sources:					
Equalization Aid	7,412,374	279,306	7,691,680	7,691,680	
Categorical Special Education Aid	1,010,823		1,010,823	1,010,823	
School Choice Aid	173,682		173,682	173,682	
Categorical Security Aid	67,439		67,439	67,439	
Categorical Transportation Aid	134,088		134,088	134,088	
Adjustment Aid	115,788		115,788	115,788	
PARCC Readiness Aid	17,350		17,350	17,350	
Per Pupil Growth Aid	17,350		17,350	17,350	
Professional Learning Community Aid	16,775		16,775	16,775	
Extraordinary Aid				152,336	152,336
Non-public Transportation Aid				3,480	3,480
Homeless Tuition				17,324	17,324
TPAF Pension & Annuity Fund (On-Behalf - Non-Budgeted)				1,770,167	1,770,167
TPAF Post Retirement-Medical (On-Behalf - Non-Budgeted)				1,143,313	1,143,313
TPAF Long-Term Disability (On-Behalf - Non-Budgeted)				2,656	2,656
Reimbursed TPAF Social Security (Non-Budgeted)				944,377	944,377
Total - State Sources	8,965,669	279,306	9,244,975	13,278,628	4,033,653
Federal Sources:					
Medical Reimbursement	40,623		40,623	46,607	5,984
Total - Federal Sources	40,623		40,623	46,607	5,984
Total Revenues	\$ 30,013,726	\$ 279,306	\$ 30,293,032	\$ 34,442,074	\$ 4,149,042
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers					
Kindergarten	\$ 501,145	\$(76,809)	\$ 424,336	\$ 424,335	1
Grades 1-5	2,322,284	26,086	2,348,370	2,348,368	2
Grades 6-8	1,859,425	(87,651)	1,771,774	1,771,774	
Grades 9-12	2,557,860	347,147	2,905,007	2,905,006	1
Home Instruction:					
Salaries of Teachers	10,000	(3,489)	6,511	6,511	
Regular Programs - Undistributed Instruction:					
Purchased Professional / Educational Services	9,200	3,278	12,478	12,477	1
Other Purchased Services	218,345	(24,202)	194,143	194,141	2
General Supplies	631,783	101,455	733,238	733,225	13
Textbooks	33,605	(12,777)	20,828	20,826	2
Other Objects	9,860	(8,077)	1,783	1,783	
Total Regular Programs	8,153,507	264,961	8,418,468	8,418,446	22
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	338,616	31,413	370,029	370,029	
Other Salaries for Instruction	207,901	5,796	213,697	213,696	1
General Supplies	19,000	(13,745)	5,255	5,254	1
Textbooks	4,000	(4,000)			
Total Learning and/or Language Disabilities	569,517	19,464	588,981	588,979	2

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXPENDITURES (CONT'D)	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
Behavioral Disabilities:					
Salaries of Teachers	\$	\$	\$	\$	\$
Other Salaries for Instruction					
Total Behavioral Disabilities					
Multiple Disabilities:					
Salaries of Teachers	83,845	46,460	130,305	130,305	
Other Salaries for Instruction	20,892	(20,892)			
General Supplies	16,500	(14,491)	2,009	2,008	1
Total Multiple Disabilities	121,237	11,077	132,314	132,313	1
Resource Room - Instruction:					
Salaries of Teachers	1,493,643	(254,726)	1,238,917	1,238,916	1
Other Salaries for Instruction	254,881	(48,690)	206,191	206,191	
General Supplies	30,000	(9,212)	20,788	20,788	
Textbooks	12,600	(11,731)	869	868	1
Total Resource Room - instruction	1,791,124	(324,359)	1,466,765	1,466,763	2
Preschool disabilities - Part-Time:					
Salaries of Teachers	167,407	(214)	167,193	167,193	
Other Salaries for Instruction	117,932	(67,070)	50,862	50,862	
General Supplies	9,500	(6,897)	2,603	2,603	
Total Preschool Disabilities - Part-Time	294,839	(74,181)	220,658	220,658	
TOTAL SPECIAL EDUCATION	2,776,717	(367,999)	2,408,718	2,408,713	5
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	422,986	80,567	503,553	503,553	
General supplies	19,800	2,775	22,575	22,545	30
Other Objects	2,300	(21)	2,279	2,277	2
Total Basic Skills / Remedial - Instruction	445,086	83,321	528,407	528,375	32
Bilingual Education - Instruction					
Salaries of Teachers	108,130	(108,130)			
General Supplies	2,200	131	2,331	2,330	1
Textbooks	2,200	(16)	2,184	1,322	862
Other Objects	165		165		165
Total Bilingual Education - Instruction	112,695	(108,015)	4,680	3,652	1,028
School Sponsored Co-curricular Activities - Instruction					
Salaries	80,000	31,522	111,522	111,521	1
Transfers to Cover Deficit in Agency Funds	28,982	(13,335)	15,647	15,646	1
Total School Sponsored Co-curricular Activities-Instruction	108,982	18,187	127,169	127,167	2
School Sponsored Athletics - Instruction					
Salaries	270,687	(15,592)	255,095	255,094	1
Purchased Services	77,582	(42,598)	34,984	34,983	1
Supplies and Materials	90,258	(58,339)	31,919	31,919	
Other Objects	27,570	78,421	105,991	105,991	
Total School Sponsored Athletics - Instruction	466,097	(38,108)	427,989	427,987	2
Total Instruction	12,063,084	(147,653)	11,915,431	11,914,340	1,091

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
Current Expense (Cont'd)					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 320,000	\$ 19,944	\$ 339,944	\$ 339,943	\$ 1
Tuition to Other LEAs Within the State - Special	119,627	(119,627)			
Tuition to County Voc. School Dist.-Regular	400,000	(8,000)	392,000	392,000	
Tuition to CSSD & Regional Day Schools	459,890	749,323	1,209,213	1,209,213	
Tuition to Private Schools for the Disabled - Within State	215,016	187,217	402,233	402,233	
Tuition - State Facilities	101,204	(101,204)			
Tuition - Other	15,000	(15,000)			
Total Undistributed Expenditures - Instruction	1,630,737	712,653	2,343,390	2,343,389	1
Attendance & Social Work services:					
Salaries	133,480	572	134,052	134,052	
Total attendance and social work services:	133,480	572	134,052	134,052	
Health Services					
Salaries	374,104	(11,659)	362,445	362,445	
Purchased Professional and Technical Services	18,720	(835)	17,885	17,884	1
Other Purchased Services		125	125	124	1
Supplies and Materials	8,109	5,245	13,354	13,352	2
Total Health Services	400,933	(7,124)	393,809	393,805	4
Speech, OT, PT & Related Services					
Salaries	227,198	1,452	228,650	228,650	
Purchased Professional - Educational Services	228,400	(63,049)	165,351	165,350	1
Total - Speech, OT, PT & Related Services	455,598	(61,597)	394,001	394,000	1
Other Supp Serv STD-Extra Serv					
Salaries	181,975	64,389	246,364	234,253	12,111
Purchased Professional - Educational Services	220,000	(29,306)	190,694	112,969	77,725
Total Other Supp Serv STD-Extra Serv	401,975	35,083	437,058	347,222	89,836
Guidance					
Salaries of Other Professional Staff	572,390	(35,810)	536,580	536,578	2
Salaries of Secretarial and Clerical Assistants	60,787	(326)	60,461	60,460	1
Other Purchased Professional and Technical Services	2,525	1,905	4,430	4,405	25
Other Purchased Services	400	(400)			
Supplies and Materials	49,846	(2,087)	47,759	47,757	2
Other Objects	726	268	994	994	
Total - Guidance	686,674	(36,450)	650,224	650,194	30
Child Study Teams					
Salaries of Other Professional Staff	501,754	74,381	576,135	576,134	1
Salaries of Secretarial and Clerical Assistants	60,479	(131)	60,348	60,348	
Other Salaries	20,000	11,598	31,598	31,598	
Other Purchased Professional and Technical Services	25,000	(199)	24,801	24,801	
Miscellaneous Purchased Services	17,800	(4,438)	13,362	13,362	
Supplies and Materials	55,000	(14,854)	40,146	40,145	1
Other Objects	1,900	(1,900)			
Total - Child Study Team	681,933	64,457	746,390	746,388	2
Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	129,101	1	129,102	129,101	1
Salaries of Other Professional Staff	347,339	10,553	357,892	357,892	
Salaries of Secretarial and Clerical Assistants	58,993	(1,560)	57,433	57,433	
Other Purchased Professional and Technical Services	15,000	2,425	17,425	17,425	
Other Purchased Services	2,500	771	3,271	3,270	1
Supplies and Materials	12,602	(8,128)	4,474	4,472	2
Other Objects	9,645	544	10,189	10,188	1
Total - Improvement of Instruction Services	575,180	4,606	579,786	579,781	5

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Modifications	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
Current Expense (Cont'd)					
Educational Media Services/School Library					
Salaries	\$ 240,001	\$ (233)	\$ 239,768	\$ 239,767	\$ 1
Purchased Professional and Technical Services	3,842	619	4,461	4,461	
Other Purchased Services	11,725	57	11,782	11,781	1
Supplies and Materials	25,650	(4,636)	21,014	21,012	2
Other Objects	440	(440)			
Total Educational Media Services/School Library	281,658	(4,633)	277,025	277,021	4
Support Services - General Administration:					
Salaries	257,173	(16,500)	240,673	240,673	
Legal Services	45,000	(14,579)	30,421	30,420	1
Audit Fees	22,000	(3,045)	18,955	18,955	
Other Purchased Professional Services	43,000	(34,218)	8,782	8,781	1
Communications/Telephone	145,000	27,556	172,556	172,555	1
BOE Other Purchased Services	5,500	(5,500)			
Miscellaneous Purchased Services	96,000	(12,739)	83,261	82,959	302
General Supplies	11,500	9,233	20,733	19,589	1,144
BOE in-house training/meeting supplies	4,000	(2,285)	1,715	1,715	
Miscellaneous Expenditures	5,100	2,317	7,417	7,416	1
BOE Membership Dues and Fees	15,300	(1,285)	14,015	14,014	1
Total - Support Services - General Administration	649,573	(51,045)	598,528	597,077	1,451
Support Service - School Administration:					
Salaries of Principals/Assistant Principals	779,794	(17,353)	762,441	762,439	2
Salaries of Secretarial and Clerical Assistants	449,040	51,494	500,534	500,533	1
Other Purchased Services	550	4,041	4,591	4,041	550
Supplies and Materials	20,286	26,859	47,145	46,645	500
Other Objects	1,238	(1,238)			
Total - Support Services - School Administration	1,250,908	63,803	1,314,711	1,313,658	1,053
Central Services:					
Salaries	364,684	(13,369)	351,315	351,315	
Purchased Technical Services	2,000	(1,150)	850	850	
Miscellaneous Purchased Services	42,000	(4,217)	37,783	37,782	1
Supplies and Materials	7,000	(685)	6,315	6,249	66
Interest on Lease Purchase Agreements	7,000		7,000	6,911	89
Miscellaneous expenditures	2,000	(910)	1,090	1,090	
Total - Central Services	424,684	(20,331)	404,353	404,197	156
Administrative Information Technology					
Salaries	175,040	(45,255)	129,785	124,301	5,484
Other Purchased Services (400-500 series)		7,634	7,634	7,634	
Supplies and Materials	500		500		500
Other Objects	500	(230)	270		270
Total - Administrative Information Technology	176,040	(37,851)	138,189	131,935	6,254
Required Maintenance for School Facilities					
Cleaning, Repair, and Maintenance Services	142,800	(124,797)	18,003	18,002	1
General Supplies	44,500		44,500	38,718	5,782
Total - Required Maintenance for School Facilities	187,300	(124,797)	62,503	56,720	5,783

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 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)					
Custodial Services:					
Salaries	\$ 336,147	\$ (111)	\$ 336,036	\$ 329,514	\$ 6,522
Salaries of Non-Instructional Aides	41,135	111	41,246	39,408	1,838
Purchased Professional and Technical Services	1,223,500	(15)	1,223,485	1,198,229	25,256
Cleaning, Repair and Maintenance Services	166,200	248	166,448	166,447	1
Other Purchased Property Services	59,400		59,400	51,396	8,004
Insurance	137,000		137,000	117,339	19,661
Miscellaneous purchased services	5,800		5,800	3,582	2,218
General Supplies	105,000		105,000	64,600	40,400
Energy (Natural Gas)	400,000	(128,720)	271,280	263,029	8,251
Energy (Electricity)	375,000	(50,810)	324,190	324,190	
Energy (Oil)	17,000		17,000	11,896	5,104
Total - Custodial Services	2,866,182	(179,297)	2,686,885	2,569,630	117,255
Security:					
Salaries					
Total - Security					
Student Transportation Services					
Contracted Services - Aid in Lieu Payments - Non-Public	20,000	(6,212)	13,788	13,788	
Contracted Services - (Between Home and School) - Vendors	1,060,350	(148,398)	911,952	911,951	1
Contracted Services - (Other than Between Home & School) - Vendors	98,000	668	98,668	98,668	
Contracted Services (Between Home and School) - Joint Agreements	30,000	(29,364)	636	635	1
Contracted Services (Special Ed) - Joint Agreements	10,000	123	10,123	10,122	1
Contracted Services (Regular Students) - ESC's	120,000	(20,354)	99,646	99,645	1
Contracted Services (Special Education Students) - ESC's	185,000	325,076	510,076	510,076	
Total Student Transportation Services	1,523,350	121,539	1,644,889	1,644,885	4
Unallocated Benefits:					
Social Security Contributions	275,000	3,489	278,489	271,790	6,699
Other Retirement Contributions - PERS	290,000	33,951	323,951	323,951	
Unemployment Compensation	50,000	(50,000)			
Workmen's Compensation	175,000		175,000	174,605	395
Health Benefits	4,768,518	(239,068)	4,529,450	4,529,449	1
Tuition Reimbursement	55,000	2,400	57,400	57,400	
Other Employee Benefits	72,500	(59,882)	12,618	12,617	1
Unused Vacation Payment to Terminated/Retired Staff		19,853	19,853	19,853	
Total Unallocated Benefits	5,686,018	(289,257)	5,396,761	5,389,665	7,096
Teacher's Pension & Annuity Fund (On-Behalf - Non-Budgeted)				1,770,167	(1,770,167)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				1,143,313	(1,143,313)
TPAF Long-Term Disability (On-Behalf - Non-Budgeted)				2,656	(2,656)
Reimbursed TPAF Social Security (Non-Budgeted)				944,377	(944,377)
Total On-Behalf Contributions				3,860,513	(3,860,513)
Total Undistributed Expenditures	18,012,223	190,331	18,202,554	21,834,132	(3,631,578)
Total Expenditures - Current Expense	30,075,307	42,678	30,117,985	33,748,472	(3,630,487)

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$	\$	\$	\$	\$
Interest Deposit on Capital Reserve					
Equipment:					
Grades 1-5	7,000		7,000		7,000
Grades 9-12	80,000	(80,000)			
School-Sponsored and Other Instructional Program	50,500	(12,642)	37,858	14,020	23,838
Undistributed Expenditures:					
Instruction		36,290	36,290	36,290	
Undist. Expend. - Custodial Services	25,000	(25,000)			
Undist. Expend. - Security	80,000	(11,290)	68,710	43,651	25,059
Total Equipment	<u>242,500</u>	<u>(92,642)</u>	<u>149,858</u>	<u>93,961</u>	<u>55,897</u>
Facilities Acquisition and Construction Services					
Construction Services		80,000	80,000	19,054	60,946
Lease Purchase Services - Principal	242,905		242,905	242,905	
Other Objects - Debt Service Assessment	3,014		3,014	3,014	
Total Facilities Acquisition and Construction Services	<u>245,919</u>	<u>80,000</u>	<u>325,919</u>	<u>264,973</u>	<u>60,946</u>
Total Capital Outlay	<u>488,419</u>	<u>(12,642)</u>	<u>475,777</u>	<u>358,934</u>	<u>116,843</u>
Total Expenditures	<u>30,563,726</u>	<u>30,036</u>	<u>30,593,762</u>	<u>34,107,406</u>	<u>(3,513,644)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(550,000)</u>	<u>249,270</u>	<u>(300,730)</u>	<u>334,668</u>	<u>635,398</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers :					
Interest in Capital Projects Fund				4,797	4,797
Transfer to Food Service Fund				(12,920)	(12,920)
Total Other Financing Sources (Uses):				<u>(8,123)</u>	<u>(8,123)</u>
Net Change in Fund Balances	<u>(550,000)</u>	<u>249,270</u>	<u>(300,730)</u>	<u>326,545</u>	<u>627,275</u>
Fund Balances - Beginning of Year	1,978,769		1,978,769	1,978,769	
Fund Balances - End of Year	\$ <u>1,428,769</u>	\$ <u>249,270</u>	\$ <u>1,678,039</u>	\$ <u>2,305,314</u>	\$ <u>627,275</u>
Recapitulation:					
Fund Balances:					
Restricted:					
Capital Reserve				\$ 1,163	
Maintenance Reserve				500,500	
Excess Surplus				77,289	
Excess Surplus Designated For Subsequent Year's Expenditures				600,375	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				365,233	
Unassigned				760,754	
				<u>2,305,314</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(819,693)	
				\$ <u>1,485,621</u>	

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
State Sources:	\$	\$ 96,698	\$ 96,698	\$ 93,934	\$ (2,764)
Federal Sources:	620,964	370,945	991,909	816,718	(175,191)
Total Revenues	<u>620,964</u>	<u>467,643</u>	<u>1,088,607</u>	<u>910,652</u>	<u>(177,955)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	235,224	(38,371)	196,853	186,066	10,787
Salaries - Other Instruction		22,631	22,631	12,484	10,147
Other Purchased Services		3,175	3,175	3,175	
Tuition	385,740	195,668	581,408	558,244	23,164
Textbooks		7,834	7,834	5,070	2,764
General Supplies		97,874	97,874	38,472	59,402
Total Instruction	<u>620,964</u>	<u>288,811</u>	<u>909,775</u>	<u>803,511</u>	<u>106,264</u>
Support					
Salaries of Teachers		11,851	11,851		11,851
Employee Benefits		39,776	39,776	14,234	25,542
Purchased Professional / Technical Services		11,359	11,359	9,510	1,849
Purchased Educational Services		63,385	63,385	63,385	
Purchased Professional Services		9,463	9,463	9,463	
Other Purchased Services		42,998	42,998	10,549	32,449
Total Support Services		<u>178,832</u>	<u>178,832</u>	<u>107,141</u>	<u>71,691</u>
Total Expenditures	<u>620,964</u>	<u>467,643</u>	<u>1,088,607</u>	<u>910,652</u>	<u>177,955</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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]	\$ 34,442,074	[C-2]	\$ 910,652
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.		832,452		
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>(819,693)</u>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 34,454,833</u>	[B-2]	<u>\$ 910,652</u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total expenditures" and "financing uses" from the budgetary comparison schedule.	[C-1]	\$ 34,107,406	[C-2]	\$ 910,652
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>\$ 34,107,406</u>	[B-2]	<u>\$ 910,652</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

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

Public Employee's Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.032928%	0.031319%	0.030279%	0.030272%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,665,219	\$ 9,275,839	\$ 6,796,945	\$ 5,667,678
District's Covered-Employee Payroll	\$ 2,334,847	\$ 2,261,681	\$ 2,191,654	\$ 2,106,721
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	328.30%	410.13%	310.13%	269.03%
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.

**PENNSVILLE TOWNSHIP 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	\$ 323,951	\$ 294,813	\$ 275,290	\$ 249,555
Contributions in Relation to the Contractually Required Contribution	<u>(323,951)</u>	<u>(294,813)</u>	<u>(275,290)</u>	<u>(249,555)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 2,334,847	\$ 2,261,681	\$ 2,191,654	\$ 2,106,721
Contributions as a Percentage of Covered-Employee Payroll	13.87%	13.04%	12.56%	11.85%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.119390%	0.125891%	0.123139%	0.129144%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 80,496,760	\$ 99,033,914	\$ 77,828,931	\$ 69,023,508
District's Covered-Employee Payroll	\$ 13,110,071	\$ 12,702,380	\$ 12,089,237	\$ 12,340,840
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	614.01%	779.65%	643.79%	559.31%
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.

SCHEDULE L-4

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension Plan

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
Pension Schedules**

For the Fiscal Year Ended June 30, 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.

PENNSVILLE TOWNSHIP 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	\$ 3,344,541
Interest	2,780,136
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(11,700,058)
Member contributions	74,751
Benefit payments	(2,030,026)
Net change in total OPEB liability	<u>(7,530,656)</u>
Total OPEB liability - beginning	95,174,868
Total OPEB liability - ending	<u>\$ 87,644,212</u>
Covered-employee payroll	<u>\$ 15,444,918</u>
Total OPEB liability as a percentage of covered-employee payroll	567.46%

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.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Federal</u>	<u>State</u>	<u>Total</u>
REVENUES:			
State Sources	\$	\$ 93,934	\$ 93,934
Federal Sources	816,718		816,718
Total Revenues	<u>816,718</u>	<u>93,934</u>	<u>910,652</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	186,066		186,066
Salaries - Other Instruction	12,484		12,484
Other Purchased Services	3,175		3,175
Tuition	558,244		558,244
Textbooks		5,070	5,070
General Supplies	22,456	16,016	38,472
Total Instruction	<u>782,425</u>	<u>21,086</u>	<u>803,511</u>
Support Services:			
Employee Benefits	14,234		14,234
Purchased Educational Services		63,385	63,385
Purchased Technical Services	9,510		9,510
Purchased Professional Services		9,463	9,463
Other Purchased Services	10,549		10,549
Total Support Services	<u>34,293</u>	<u>72,848</u>	<u>107,141</u>
Total Expenditures	<u>816,718</u>	<u>93,934</u>	<u>910,652</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Project Title	Approval Date	Appropriations	GAAP Expenditures to Date		Unexpended Balances	Memo Only	
			Prior Year	Current Year		Encumbrances	Available Balances
Replacement of Fire Alarm System at Pennsville Memorial High School	9/11/15	\$ 370,600	\$ 301,729	\$ 30,815	\$ 38,056	\$	\$ 38,056
Replacement of Windows and Transom at Pennsville Memorial High School	9/11/15	1,256,640	1,202,361	32,211	22,068		22,068
Various Improvements and Renovations to Central Park, Penn Beach and Valley Park Elementary Schools, Pennsville Middle School and Pennsville Memorial High School; Equipment and Associate Site Work	01/19/16	20,900,000	16,970,792	3,172,395	756,813	756,813	
Various Improvements and Renovations to Central Park, Penn Beach and Valley Park Elementary Schools, Pennsville Middle School Pennsville Memorial High School for the Auditorium Masonry Work and Stadium and Bleachers	11/09/16	14,725,000	5,575,616	8,073,804	1,075,580	943,604	131,976
		<u>\$ 37,252,240</u>	<u>\$ 24,050,498</u>	<u>\$ 11,309,225</u>	<u>\$ 1,892,517</u>	<u>\$ 1,700,417</u>	<u>\$ 192,100</u>
					Unearned NJSDA Share	\$ 30,936	\$ 30,936
					Unexpended	1,861,581	161,164
					<u>\$ 1,892,517</u>	<u>\$ 192,100</u>	

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

Revenues and Other Financing Sources

State Sources - SDA Grant	\$	52
Interest Income		4,797
		<hr/>
Total Revenues and Other Financing Sources		4,849
		<hr/>

Expenditures and Other Financing Uses

Purchased Professional and Technical Services		616,883
Construction Services		10,692,342
Other Purchased Services		
		<hr/>
Total Expenditures and Other Financing Uses		11,309,225
		<hr/>

Excess (Deficiency) of Revenues Over (Under) Expenditures before Other Financing Sources (Uses)		(11,304,376)
--	--	--------------

Other Financing Sources and Uses

Transfer of Interest Income to General Fund		(4,797)
		<hr/>

Excess (Deficiency) of Revenues Over (Under) Expenditures		(11,309,173)
---	--	--------------

Fund Balance - Beginning		13,170,754
		<hr/>

Fund Balance - Ending	\$	1,861,581
		<hr/> <hr/>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
RFEPLACEMENT OF FIRE ALARM SYSTEM
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 148,240	\$	\$ 148,240	\$ 148,240
Capital Outlay Transferred to Capital Project Fund	222,360		222,360	222,360
Total Revenues and Other Financing Sources	370,600		370,600	370,600
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	24,804		24,804	50,600
Construction Services	309,000	(1,260)	307,740	320,000
Other Purchased Services				
Total Expenditures and Other Financing Uses	333,804	(1,260)	332,544	370,600
Excess (Deficiency) of Revenues Over (Under) Expen \$	36,796	\$ 1,260	\$ 38,056	\$

Additional project information:

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
RFEPLACEMENT OF WINDOWS AND TRANSOM
AT PENNSVILLE MEMORIAL 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				
State Sources - SDA Grant	\$ 502,656	\$	\$ 502,656	\$ 502,656
Capital Reserve Transferred to Capital Project Fund	753,984		753,984	753,984
Total Revenues and Other Financing Sources	1,256,640		1,256,640	1,256,640
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	91,432	1,390	92,822	168,640
Construction Services	1,141,750		1,141,750	1,088,000
Other Purchased Services				
Total Expenditures and Other Financing Uses	1,233,182	1,390	1,234,572	1,256,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 23,458	\$ (1,390)	\$ 22,068	\$

Additional project information:

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS

VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 4,482,834	\$ 113,880	\$ 4,596,714	\$ 4,596,714
Total Revenues	<u>4,482,834</u>	<u>113,880</u>	<u>4,596,714</u>	<u>4,596,714</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical ser	345,350	12,960	358,310	358,310
Construction services	4,105,071	113,880	4,218,951	4,218,951
Other Purchased services	19,453		19,453	19,453
Total Expenditures	<u>4,469,874</u>	<u>126,840</u>	<u>4,596,714</u>	<u>4,596,714</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 12,960</u>	<u>\$ (12,960)</u>	<u>\$</u>	<u>\$</u>

Additional Project Information:

Project Number	4075-050-15-1000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	1/19/2016
Bonds Authorized	\$4,448,750
Bonds Issued	\$4,448,750
Original Project Authorized Cost	\$4,448,750
Additional Authorized Cost	\$147,964
Revised Authorized Cost	\$4,596,714
Percentage Increase Over Original Authorized Cost	3%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	12/31/18

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 4,862,649	\$ (58,182)	\$ 4,804,467	\$ 4,804,467
Total Revenues	4,862,649	(58,182)	4,804,467	4,804,467
Expenditures and Other Financing Uses:				
Purchased professional and technical ser	371,816	21,417	393,233	393,233
Construction services	4,447,182	(58,182)	4,389,000	4,389,000
Other Purchased services	22,234		22,234	22,234
Total Expenditures	4,841,232	(36,765)	4,804,467	4,804,467
Excess (Deficiency) of revenues over (under) expenses	\$ 21,417	\$ (21,417)	\$	\$

Additional Project Information:

Project Number	4075-055-15-1000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	1/19/2016
Bonds Authorized	\$4,900,000
Bonds Issued	\$4,900,000
Original Project Authorized Cost	\$4,900,000
Additional Authorized Cost	(\$95,533)
Revised Authorized Cost	\$4,804,467
Percentage Increase Over	
Original Authorized Cost	-2%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	12/31/18

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 1,234,237	\$ (178,159)	\$ 1,056,078	\$ 1,056,078
Total Revenues	1,234,237	(178,159)	1,056,078	1,056,078
Expenditures and Other Financing Uses:				
Purchased professional and technical ser	119,590	22,910	142,500	142,500
Construction services	1,088,031	(178,159)	909,872	909,872
Other Purchased services	3,706		3,706	3,706
Total Expenditures	1,211,327	(155,249)	1,056,078	1,056,078
Excess (Deficiency) of revenues over (under) expenses	\$ 22,910	\$ (22,910)	\$	\$

Additional Project Information:

Project Number	4075-050-15-3000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	1/19/2016
Bonds Authorized	\$1,225,750
Bonds Issued	\$1,225,750
Original Project Authorized Cost	\$1,225,750
Additional Authorized Cost	(\$169,672)
Revised Authorized Cost	\$1,056,078
Percentage Increase Over Original Authorized Cost	-14%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	12/31/18

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS

VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 3,740,081	\$ 292,323	\$ 4,032,404	\$ 4,032,404
Total Revenues	3,740,081	292,323	4,032,404	4,032,404
Expenditures and Other Financing Uses:				
Purchased professional and technical ser	281,954	16,286	298,240	298,240
Construction services	3,427,018	292,323	3,719,341	3,719,341
Other Purchased services	14,823		14,823	14,823
Total Expenditures	3,723,795	308,609	4,032,404	4,032,404
Excess (Deficiency) of revenues over (under) expenses	\$ 16,286	\$ (16,286)	\$	\$

Additional Project Information:

Project Number	4075-090-15-1000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	1/19/2016
Bonds Authorized	\$3,712,500
Bonds Issued	\$3,712,500
Original Project Authorized Cost	\$3,712,500
Additional Authorized Cost	\$319,904
Revised Authorized Cost	\$4,032,404
Percentage Increase Over Original Authorized Cost	9%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	12/31/18

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 3,833,449	\$ (43,580)	\$ 3,789,869	\$ 3,789,869
Total Revenues	3,833,449	(43,580)	3,789,869	3,789,869
Expenditures and Other Financing Uses:				
Purchased professional and technical ser	301,859	8,761	310,620	310,620
Construction services	3,500,836	(32,704)	3,468,132	3,468,132
Other Purchased services	11,117		11,117	11,117
Total Expenditures	3,813,812	(23,943)	3,789,869	3,789,869
Excess (Deficiency) of revenues over (under) expenses	\$ 19,637	\$ (19,637)	\$	\$

Additional Project Information:

Project Number	4075-060-15-1000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	1/19/2016
Bonds Authorized	\$3,866,250
Bonds Issued	\$3,866,250
Original Project Authorized Cost	\$3,866,250
Additional Authorized Cost	(\$76,381)
Revised Authorized Cost	\$3,789,869
Percentage Increase Over Original Authorized Cost	-2%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	12/31/18

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 2,746,750	\$ (126,281)	\$ 2,620,469	\$ 2,620,469
Total Revenues	2,746,750	(126,281)	2,620,469	2,620,469
Expenditures and Other Financing Uses:				
Purchased professional and technical ser	206,285	14,204	220,489	220,489
Construction services	2,359,864	32,705	2,392,569	2,392,569
Other Purchased services	7,411		7,411	7,411
Total Expenditures	2,573,560	46,909	2,620,469	2,620,469
Excess (Deficiency) of revenues over (under) expenses	\$ 173,190	\$ (173,190)	\$	\$

Additional Project Information:

Project Number	4075-078-15-1000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	1/19/2016
Bonds Authorized	\$2,746,750
Bonds Issued	\$2,746,750
Original Project Authorized Cost	\$2,746,750
Additional Authorized Cost	(\$126,281)
Revised Authorized Cost	\$2,620,469
Percentage Increase Over	
Original Authorized Cost	-5%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	12/31/18

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 1,307,800	\$ 24,237	\$ 1,332,037	\$ 1,332,037
Total Revenues	1,307,800	24,237	1,332,037	1,332,037
Expenditures and Other Financing Uses:				
Purchased professional and technical ser	52,002	53,398	105,400	105,400
Construction services	1,162,700	18,062	1,180,762	1,186,937
Other Purchased services	5,875		5,875	39,700
Total Expenditures	1,220,577	71,460	1,292,037	1,332,037
Excess (Deficiency) of revenues over (under) expenses	\$ 87,223	\$ (47,223)	\$ 40,000	\$

Additional Project Information:

Project Number	4075-050-15-2000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	11/9/2016
Bonds Authorized	\$1,312,500
Bonds Issued	\$1,312,500
Original Project Authorized Cost	\$1,312,500
Additional Authorized Cost	\$19,537
Revised Authorized Cost	\$1,332,037
Percentage Increase Over	
Original Authorized Cost	1%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	12/31/18

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 5,700,000	\$ (113,977)	\$ 5,586,023	\$ 5,586,023
Total Revenues	5,700,000	(113,977)	5,586,023	5,586,023
Expenditures and Other Financing Uses:				
Purchased professional and technical ser	158,352	298,297	456,649	456,649
Construction services	5,100,000		5,100,000	5,100,000
Other Purchased services	29,374		29,374	29,374
Total Expenditures	5,287,726	298,297	5,586,023	5,586,023
Excess (Deficiency) of revenues over (under) expenses	\$ 412,274	\$ (412,274)	\$	\$

Additional Project Information:

Project Number	4075-055-15-2000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	11/9/2016
Bonds Authorized	\$5,700,000
Bonds Issued	\$5,700,000
Original Project Authorized Cost	\$5,700,000
Additional Authorized Cost	(\$113,977)
Revised Authorized Cost	\$5,586,023
Percentage Increase Over	
Original Authorized Cost	-2%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	12/31/18

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS

VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing				
Sources:				
Bond proceeds and transfers	\$ 2,250,000	\$ 224,815	\$ 2,474,815	\$ 2,474,815
 Total Revenues	<u>2,250,000</u>	<u>224,815</u>	<u>2,474,815</u>	<u>2,474,815</u>
 Expenditures and Other Financing Uses:				
Purchased professional and technical ser	106,096	41,295	147,391	205,846
Construction services	2,000,000	257,572	2,257,572	2,260,157
Other Purchased services	8,812		8,812	8,812
Total Expenditures	<u>2,114,908</u>	<u>298,867</u>	<u>2,413,775</u>	<u>2,474,815</u>
 Excess (Deficiency) of revenues over (under) expenses	 \$ <u>135,092</u>	 \$ <u>(74,052)</u>	 \$ <u>61,040</u>	 \$ <u></u>

Additional Project Information:

Project Number	4075-090-15-2000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	11/9/2016
Bonds Authorized	\$2,250,000
Bonds Issued	\$2,250,000
Original Project Authorized Cost	\$2,250,000
Additional Authorized Cost	\$224,815
Revised Authorized Cost	\$2,474,815
Percentage Increase Over	
Original Authorized Cost	10%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	12/31/18

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 400,000	\$ (7,187)	\$ 392,813	\$ 392,813
Total Revenues	400,000	(7,187)	392,813	392,813
Expenditures and Other Financing Uses:				
Purchased professional and technical serv	24,042	8,184	32,226	32,226
Construction services	360,000		360,000	360,000
Other Purchased services	587		587	587
Total Expenditures	384,629	8,184	392,813	392,813
Excess (Deficiency) of revenues over (under) expenses	\$ 15,371	\$ (15,371)	\$	\$

Additional Project Information:

Project Number	4075-060-15-2000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	11/9/2016
Bonds Authorized	\$400,000
Bonds Issued	\$400,000
Original Project Authorized Cost	\$400,000
Additional Authorized Cost	(\$7,187)
Revised Authorized Cost	\$392,813
Percentage Increase Over Original Authorized Cost	-2%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	12/31/18

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 4,500,000	\$ (127,888)	\$ 4,372,112	\$ 4,372,112
Total Revenues	4,500,000	(127,888)	4,372,112	4,372,112
Expenditures and Other Financing Uses:				
Purchased professional and technical serv	221,682	141,618	363,300	363,300
Construction services	4,000,000		4,000,000	4,000,000
Other Purchased services	8,812		8,812	8,812
Total Expenditures	4,230,494	141,618	4,372,112	4,372,112
Excess (Deficiency) of revenues over (under) expenses	\$ 269,506	\$ (269,506)	\$	\$

Additional Project Information:

Project Number	4075-078-15-2000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date	11/9/2016
Bonds Authorized	\$4,500,000
Bonds Issued	\$4,500,000
Original Project Authorized Cost	\$4,500,000
Additional Authorized Cost	(\$127,888)
Revised Authorized Cost	\$4,372,112
Percentage Increase Over	
Original Authorized Cost	-3%
Percentage Completion	95%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	12/31/18

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS

VARIOUS IMPROVEMENTS AND RENOVATIONS
AT PENNSVILLE MEMORIAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Additional Project Information:

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

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

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

EXHIBIT G-1

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2018

ASSETS:

Current Assets:

Cash	\$	15,544
Accounts Receivable:		
Federal		21,357
State		
Other		5,845
Inventories		21,639

Total Current Assets 64,385

Fixed Assets:

Equipment	404,567
Accumulated Depreciation	(375,040)

Total Fixed Assets 29,527

Total Assets 93,912

LIABILITIES:

Current Liabilities:

Unearned Revenue	14,810
Due to General Fund	79,102

Total Current Liabilities 93,912

Total Liabilities 93,912

NET POSITION:

Net Position:

Net Investment in Capital Assets	29,527
Unrestricted	(29,527)

Total Net Position \$

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OPERATING REVENUES:

Local Sources:

Daily Sales-Reimbursable Programs:

School Lunch Program	\$ 170,062
School Breakfast Program	13,850
Daily Sales Non-Reimbursable Programs	109,325
Special Functions and Miscellaneous	9,524

Total Operating Revenue 302,761

OPERATING EXPENSES:

Salaries and Benefits	295,174
Supplies and Materials	28,362
Cost of Sales - Reimbursable Programs	228,235
Cost of Sales - Non Reimbursable Programs	44,791
Depreciation	4,997
Management/Admin Fee	42,015
Miscellaneous	17,713

Total Operating Expenses 661,287

Operating Loss (358,526)

Non-Operating Revenues (Expenses):

State Sources:

State School Lunch Program 6,046

Federal Sources:

National School Breakfast Program	39,912
National School Lunch Program	238,605
National School Snack Program	1,838
Food Distribution Program	45,343

Total Non-Operating Revenues 331,744

Net Income (Loss) Before Contributions and Transfers (26,782)

Other Financing Sources and Uses:

Transfer from General Fund 12,920

Change in Net Position (13,862)

Total Net Position-July 1 13,862

Total Net Position-June 30 \$

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 302,761
Payments to Employees and Employee Benefits	(295,174)
Payments to Suppliers	(276,894)
	<hr/>
Net Cash Provided by (Used for) Operating Activities	(269,307)
	<hr/>
Cash Flows from Non-Capital Financing Activities:	
State Sources	6,046
Federal Sources	280,355
Transfer from General Fund	12,920
	<hr/>
Net Cash Provided by (Used For) Non-Capital Financing Activities	299,321
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(16,530)
	<hr/>
Net Cash Provided by (Used For) Capital and Related Financing Activities	(16,530)
	<hr/>
Net Increase/(Decrease) in Cash and Cash Equivalents	13,484
Cash and Cash Equivalents, July 1	2,060
	<hr/>
Cash and Cash Equivalents, June 30	\$ 15,544
	<hr/> <hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ (358,526)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Depreciation	4,997
Food Distribution	45,343
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	49,826
(Increase)/Decrease in Inventory	(4,803)
Increase/(Decrease) in Due to General Fund	(12,920)
Increase/(Decrease) in Unearned Revenue	6,776
	<hr/>
Net Cash Used by Operating Activities	\$ (269,307)
	<hr/> <hr/>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2018

ASSETS

Current Assets:		
Cash	\$	338,771
Accounts Receivable		112,496
		<hr/>
Total Current Assets		451,267
		<hr/>
Fixed Assets		
Equipment		193,479
Accumulated Depreciation		(193,479)
		<hr/>
Total Fixed Assets		
		<hr/>
Total Assets	\$	451,267
		<hr/>

LIABILITIES

Current Liabilities:		
Due to General Fund		128,138
		<hr/>
Total Current Liabilities		128,138
		<hr/>
Total Liabilities		128,138
		<hr/>

NET POSITION

Net Position:		
Net Investment In Capital Assets		
Unrestricted		323,129
		<hr/>
Total Net Position	\$	323,129
		<hr/> <hr/>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>SCC Interlocal</u>	<u>Pennsville Township Interlocal</u>	<u>Graphic Arts Academy</u>	<u>Creative Arts Academy</u>	<u>Quinton B.O.E.</u>	<u>Total</u>
OPERATING REVENUES:						
Program Fees	\$	\$ 7,968	\$ 243,876	\$ 305,000	\$ 37,452	\$ 594,296
Total Operating Revenue		<u>7,968</u>	<u>243,876</u>	<u>305,000</u>	<u>37,452</u>	<u>594,296</u>
OPERATING EXPENSES:						
Salaries	1,390	34,717	187,876	215,962	42,090	482,035
Employee Benefits			38,970	41,160		80,130
Other Purchased Services			8,608	34,705		43,313
Supplies and Materials		2,618	1,570	4,342		8,530
Total Operating Expenses	<u>1,390</u>	<u>37,335</u>	<u>237,024</u>	<u>296,169</u>	<u>42,090</u>	<u>614,008</u>
Operating Income (Loss)	<u>(1,390)</u>	<u>(29,367)</u>	<u>6,852</u>	<u>8,831</u>	<u>(4,638)</u>	<u>(19,712)</u>
Non-Operating Sources and Uses:						
Retained Earnings - July 1	<u>67,271</u>	<u>37,717</u>	<u>166,452</u>	<u>44,720</u>	<u>26,681</u>	<u>342,841</u>
Retained Earnings - June 30	<u>\$ 65,881</u>	<u>\$ 8,350</u>	<u>\$ 173,304</u>	<u>\$ 53,551</u>	<u>\$ 22,043</u>	<u>\$ 323,129</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 594,296
Payments to Employees and Employee Benefits	(453,207)
Payments to Suppliers	(51,843)
	<hr/>
Net Cash Provided by (Used for) Operating Activities	89,246
	<hr/>
Cash Flows from Non-Capital Financing Activities:	
Transfer to General Fund	
	<hr/>
Total Cash Flows from Non-Capital Financing Activities	
	<hr/>
Net Increase/(Decrease) in Cash and Cash Equivalents	89,246
Cash and Cash Equivalents, July 1	249,525
	<hr/>
Cash and Cash Equivalents, June 30	\$ 338,771
	<hr/> <hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ (19,712)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Depreciation	
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	108,958
Increase/(Decrease) in Accounts Payable	
Increase/(Decrease) in Due to General Fund	
	<hr/>
Net Cash Used by Operating Activities	\$ 89,246
	<hr/> <hr/>

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Agency</u>		<u>Total</u>
		<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:				
Cash and Cash Equivalents	\$ 54,566	\$ 215,861	\$ 222,331	\$ 492,758
Total Assets	<u>\$ 54,566</u>	<u>\$ 215,861</u>	<u>\$ 222,331</u>	<u>\$ 492,758</u>
LIABILITIES, RESERVES AND NET POSITION:				
Payroll Deductions and Withholdings	\$	\$	\$ 30,959	\$ 30,959
Accounts Payable	6,708			6,708
Flexible Spending Reserve			20,128	20,128
Summer Payment Salaries and Wages			171,237	171,237
Due to Student Groups		215,861		215,861
Due to General Fund			7	7
Total Liabilities	<u>6,708</u>	<u>215,861</u>	<u>222,331</u>	<u>444,900</u>
Net Position:				
Held in Trust for Unemployment Claims and Other Purposes	47,858			47,858
Total Net Position	<u>47,858</u>			<u>47,858</u>
Total Liabilities and Net Position	<u>\$ 54,566</u>	<u>\$ 215,861</u>	<u>\$ 222,331</u>	<u>\$ 492,758</u>

EXHIBIT H-2

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018

	Unemployment Compensation Trust
OPERATING REVENUES	
Deductions from Employees' Salaries	\$ 39,754
Interest Earned	42
Total Operating Revenue	<u>39,796</u>
OPERATING EXPENSES	
Total Deductions	<u>35,129</u>
Total Operating Expenses	<u>35,129</u>
Operating Income (Loss)	4,667
Net Position - July 1	<u>43,191</u>
Net Position - June 30	<u><u>\$ 47,858</u></u>

PENNSVILLE TOWNSHIP 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	Balance June 30, 2018
Elementary Schools				
Central Park	\$ 2,298	\$ 324	\$ 200	\$ 2,422
Penn Beach	3,461	1,391	1,458	3,394
Valley Park	3,688	601		4,289
	<hr/>	<hr/>	<hr/>	<hr/>
Total Elementary Schools	9,447	2,316	1,658	10,105
	<hr/>	<hr/>	<hr/>	<hr/>
Junior High School				
Pennsville Middle School	13,376	3,364	3,450	13,290
	<hr/>	<hr/>	<hr/>	<hr/>
Total Middle School	13,376	3,364	3,450	13,290
	<hr/>	<hr/>	<hr/>	<hr/>
Senior High School				
Pennsville Memorial High School	182,095	296,128	299,766	178,457
Pennsville Athletic Fund	975	19,262	6,228	14,009
	<hr/>	<hr/>	<hr/>	<hr/>
Total Senior High School	183,070	315,390	305,994	192,466
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	\$ 205,893	\$ 321,070	\$ 311,102	\$ 215,861
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 237,080	\$ 24,166,665	\$ 24,181,414	\$ 222,331
Total Assets	<u>\$ 237,080</u>	<u>\$ 24,166,665</u>	<u>\$ 24,181,414</u>	<u>\$ 222,331</u>
LIABILITIES:				
Net Payroll	\$	\$ 9,155,716	\$ 9,155,716	\$
Payroll Deductions & Withholdings	36,151	14,601,654	14,606,846	30,959
Flexible Spending Reserve	20,483	10,814	11,169	20,128
Summer Payment Salaries and Wages Due to General	180,446	398,474 7	407,683	171,237 7
Total Liabilities	<u>\$ 237,080</u>	<u>\$ 24,166,665</u>	<u>\$ 24,181,414</u>	<u>\$ 222,331</u>

LONG-TERM DEBT SCHEDULES

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2018</u>
Various Improvements and Renovations to Central Park, Penn Beach and Valley Park Elementary Schools; Pennsville Middle School and Pennsville Memorial High School; Equipment and Associate Site Work	2/17/16	\$ 20,900,000	9/1/18	\$ 700,000	2.00%	\$ 20,900,000		\$ 1,200,000	\$ 19,700,000
			9/1/19	750,000	2.25%				
			9/1/20	800,000	2.25%				
			9/1/21	850,000	2.25%				
			9/1/22	900,000	2.25%				
			9/1/23	950,000	2.25%				
			9/1/24	1,000,000	2.50%				
			9/1/25	1,050,000	2.50%				
			9/1/26	1,150,000	2.50%				
			9/1/27	1,200,000	2.50%				
			9/1/28	1,250,000	2.50%				
	9/1/29-35	1,300,000	3.00%						
Various Improvements and Renovations to Central Park, Penn Beach and Valley Park Elementary Schools; Pennsville Middle School; Pennsville Memorial High School for the Auditorium Masonry Work and Stadium and Bleachers	11/9/16	14,725,000	9/1/18	615,000	2.25%	14,725,000		450,000	14,275,000
			9/1/19	630,000	2.50%				
			9/1/20	650,000	2.50%				
			9/1/21	675,000	2.50%				
			9/1/22	700,000	2.50%				
			9/1/23	730,000	2.50%				
			9/1/24	750,000	2.50%				
			9/1/25	775,000	2.50%				
			9/1/26	800,000	3.00%				
			9/1/27	825,000	3.00%				
			9/1/28	850,000	3.00%				
			9/1/29	875,000	3.00%				
			9/1/30-32	900,000	3.00%				
			9/1/33-34	900,000	3.125%				
			9/1/35	900,000	3.25%				
						<u>\$ 35,625,000</u>	<u>\$</u>	<u>\$ 1,650,000</u>	<u>\$ 33,975,000</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL LONG-TERM ACCOUNT GROUP
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2018

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2017</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2018</u>
			<u>Principal</u>	<u>Interest</u>					
Various Improvements to the Pennsville High School	5/13/14	5 years	\$ 1,200,000	\$ 49,078	1.61%	\$ 489,736	\$	\$ 242,905	\$ 246,831
						\$ 489,736	\$	\$ 242,905	\$ 246,831

PENNSVILLE TOWNSHIP 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	\$ 1,435,039	\$	\$ 1,435,039	\$ 1,435,039	\$
State Sources:					
Debt Service Aid Type II	1,288,197		1,288,197	1,288,197	
Total Revenues	<u>2,723,236</u>		<u>2,723,236</u>	<u>2,723,236</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	1,073,236		1,073,236	1,073,236	
Redemption of Principal	1,650,000		1,650,000	1,650,000	
Total expenditures	<u>2,723,236</u>		<u>2,723,236</u>	<u>2,723,236</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	\$	\$	\$	\$	\$
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Undesignated Fund Balance	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

STATISTICAL SECTION

PENNSVILLE TOWNSHIP 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										
Net Investment in Capital Assets	\$ 6,310,701	(6,650,564)	\$ (12,697,942)	\$ 4,202,433	\$ 2,394,049	\$ 2,417,555	\$ 1,239,386	\$ 2,531,921	\$ 1,222,733	\$ (236,380)
Restricted	3,128,467	14,398,647	19,582,087	842,703	2,087,092	2,186,240	2,006,486	1,111,144	1,052,483	920,920
Unrestricted	(7,683,923)	(7,762,564)	(6,648,633)	(6,330,384)	(1,784,221)	(1,581,023)	(1,635,105)	(1,730,013)	(1,217,991)	(1,709,426)
Total Governmental Activities Net Position	\$ 1,755,245	(14,481)	\$ 235,512	\$ (1,285,248)	\$ 2,696,920	\$ 3,022,772	\$ 1,610,767	\$ 1,913,052	\$ 1,057,225	\$ (1,024,886)
Business-Type Activities										
Net Investment in Capital Assets	\$ 29,527	17,994	\$ 20,111	\$ 39,310	\$ 38,498	\$ 39,874	\$ 34,986	\$ 25,826	\$ 16,139	\$ 20,857
Restricted										
Unrestricted	(29,527)	(4,132)			12,601	24,633	54,969	16,866	40,126	(4,948)
Total Business-Type Activities Net Position	\$ 13,862	\$ 20,111	\$ 39,310	\$ 51,099	\$ 64,507	\$ 89,955	\$ 42,692	\$ 56,265	\$ 15,909	
District-wide Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 6,340,228	(6,632,570)	\$ (12,677,831)	\$ 4,241,743	\$ 2,432,547	\$ 2,457,429	\$ 1,274,372	\$ 2,557,747	\$ 1,238,872	\$ (215,523)
Restricted	3,128,467	14,398,647	19,582,087	842,703	2,087,092	2,186,240	2,006,486	1,111,144	1,052,483	920,920
Unrestricted	(7,713,450)	(7,766,696)	(6,648,633)	(6,330,384)	(1,771,620)	(1,556,390)	(1,580,136)	(1,713,147)	(1,177,865)	(1,714,374)
	\$ 1,755,245	(619)	\$ 255,623	\$ (1,245,938)	\$ 2,748,019	\$ 3,087,279	\$ 1,700,722	\$ 1,955,744	\$ 1,113,490	\$ (1,008,977)

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities										
Instruction										
Regular	\$ 9,226,363	8,823,154	8,461,512	8,786,497	8,250,989	8,548,429	9,021,795	9,174,353	8,912,458	9,095,102
Special Education	2,409,443	2,505,567	2,706,249	2,601,154	2,666,345	2,569,675	2,484,988	2,447,378	2,474,232	2,535,103
Other Special Instruction	532,027	334,218	322,866	306,440	222,500	227,489	215,568	193,617	180,673	234,364
Other Instruction	1,291,863	1,205,322	1,163,229	1,034,293	1,050,172	937,070	1,088,855	1,227,484	1,184,051	1,025,926
Support Services										
Tuition	2,343,389	1,799,241	1,222,309	930,820	1,608,457	1,225,452	859,808	894,823	1,344,917	1,579,610
Student and Instruction Related Services	3,618,092	3,554,227	3,295,108	3,024,580	3,183,312	3,322,246	3,303,486	3,084,588	3,444,367	3,178,782
General and Business Administration	604,557	603,386	669,175	649,670	627,813	681,586	680,987	1,262,409	1,226,056	1,211,247
School Administrative Services	1,313,658	1,278,644	1,255,280	1,403,824	1,361,901	1,327,618	930,355	920,639	872,656	899,368
Central Services	404,197	410,757	419,505	389,746	374,769	381,669	365,581	358,838	349,523	340,326
Administrative Information Technology	131,935	201,139	244,064	218,615	249,148	310,434	331,290			
Plant Operations and Maintenance	2,724,632	2,675,206	2,802,953	2,277,076	3,112,268	2,843,147	2,895,403	2,732,052	2,567,790	2,527,592
Pupil Transportation	1,644,885	1,545,620	1,396,072	1,420,078	1,411,096	1,261,716	1,300,477	1,194,498	1,197,183	1,358,887
Other Support Services	17,115,766	15,956,422	12,221,353	6,753,509	7,292,506	7,308,903	6,428,462	6,198,514	6,174,499	5,827,638
Special Schools								2,308	108,750	72,682
Interest on Long-Term Debt	934,326	801,841	217,154	10,307	513	12,214	25,207	39,699	62,213	57,232
Unallocated Depreciation	112,292	99,361	80,275	354,211	308,453	260,016	248,000	213,586	201,483	183,795
Total Governmental Activities Expenses	44,407,425	41,794,105	36,477,104	30,160,820	31,720,242	31,217,664	30,180,262	29,944,786	30,300,851	30,127,654
Business-Type Activities										
Food Service	661,287	651,121	675,221	664,682	637,617	659,151	648,243	611,521	583,527	582,919
Total Business-Type Activities Expense	661,287	651,121	675,221	664,682	637,617	659,151	648,243	611,521	583,527	582,919
Total District Expenses	\$ 45,068,712	42,445,226	37,152,325	30,825,502	32,357,859	31,876,815	30,828,505	30,556,307	30,884,378	30,710,573
Program Revenues										
Governmental Activities										
Charges for Services - Instruction (Tuition)	\$ 594,296	598,423	604,953	614,946	592,269	644,753	673,440	761,469	748,761	640,372
Operating Grants and Contributions	2,998,342	2,949,400	2,927,881	2,879,293	3,408,167	3,684,433	3,134,513	3,028,881	3,999,932	3,410,593
Total Governmental Activities Prog Revenues	3,592,638	3,547,823	3,532,834	3,494,239	4,000,436	4,329,186	3,807,953	3,790,350	4,748,693	4,050,965
Business-Type Activities										
Charges for Services										
Food Service	302,761	315,910	328,832	345,167	355,732	368,799	410,109	351,712	386,030	385,132
Operating Grants and Contributions	331,744	328,962	318,978	290,717	268,477	264,903	278,725	242,880	237,853	196,531
Total Business-Type Activities Prog Revenues	634,505	644,872	647,810	635,884	624,209	633,702	688,834	594,592	623,883	581,663
Total District Program Revenues	\$ 4,227,143	4,192,695	4,180,644	4,130,123	4,624,645	4,962,888	4,496,787	4,384,942	5,372,576	4,632,628
Net (Expense)/Revenue										
Governmental Activities	\$ 40,814,787	38,246,282	32,944,270	26,666,081	(27,719,806)	(26,888,478)	(26,372,309)	(26,154,436)	(25,552,158)	(26,076,689)
Business-Type Activities	(26,782)	(6,249)	(27,411)	28,798	(13,408)	(25,449)	40,591	(16,929)	40,356	(1,256)
Total District-Wide Net Expense	\$ 40,788,005	38,240,033	32,916,859	26,694,879	(27,733,214)	(26,913,927)	(26,331,718)	(26,171,365)	(25,511,802)	(26,077,945)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 22,063,034	20,792,706	19,610,791	18,968,608	18,596,675	18,232,034	17,874,543	17,524,062	17,226,469	17,032,091
Taxes Levied for Debt Service					206,967	208,838	210,678	212,653	201,769	203,727
Unrestricted Grants and Contributions	20,046,030	16,705,692	14,353,051	8,917,099	8,643,567	8,625,509	8,678,128	7,914,969	9,141,616	8,719,315
Restricted Grants and Contributions					64,992		589,340	255,526		
Tuition Received	297,768	227,126	172,231	127,810	87,733	161,614	152,888	120,125	144,321	75,138
Transportation Fees from Individuals	82,283	39,003	32,989	58,571	55,705	59,014	57,801	57,110		76,823
Investment Earnings	12,110	29,094	16,714	3,679	3,611	5,569	8,169	9,726	11,749	39,797
Miscellaneous Income	101,481	202,668	300,924	176,275	27,709	353,234	394,969	292,267	133,460	173,835
Transfers	(12,920)		(11,937)	(17,009)						
Fixed Asset Additions, Disposals, Prior Period Adjustments	(5,273)		(9,733)		886,076	559,514	(662,889)	343,647	605,445	(26,869)
Capital Lease Issued					(1,200,000)		(1,332,314)			
Capital Lease Adjustment									213,358	
Compensated Absences (Increase)/reduction					20,919	95,157	98,711	280,177	(43,917)	(49,930)
Total Governmental Activities	42,584,513	37,996,289	34,465,030	28,235,033	27,393,954	28,300,483	26,070,024	27,010,262	27,634,270	26,243,927
Business-Type Activities										
Miscellaneous Income							5,009			
Fixed Asset Disposals and Prior Period Adjustments			(3,725)				1,464	3,357		(178)
Transfers	12,920		11,937	17,009						
Total Business-Type Activities	12,920		8,212	17,009			6,473	3,357		(178)
Total District-Wide	\$ 42,597,433	37,996,289	34,473,242	28,252,042	27,393,954	28,300,483	26,076,497	27,013,619	27,634,270	26,243,749
Change in Net Position										
Governmental Activities	\$ 1,769,726	(249,993)	1,520,760	1,568,952	(325,852)	1,412,005	(302,285)	855,826	2,082,112	167,238
Business-Type Activities	(13,862)	(6,249)	(19,199)	(11,789)	(13,408)	(25,449)	47,064	(13,572)	40,356	(1,434)
Total District-Wide	\$ 1,755,864	(256,242)	1,501,561	1,557,163	(339,260)	1,386,556	(255,221)	842,254	2,122,468	165,804

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved									1,737,489	1,046,060
Restricted	1,179,327	1,140,329	539,944	1,137	77,650	79,089	99,189	222,964	(276,773)	(238,144)
Assigned	365,233	141,238	488,588	1,403,984	667,455	1,495,183	133,860	706,024		
Unassigned	(58,939)	(135,250)	(197,144)	(389,220)	(442,214)	(212,450)	(165,361)	(156,957)		
Total General Fund	\$ 1,485,621	\$ 1,146,317	831,388	\$ 1,015,901	\$ 302,891	\$ 1,361,822	\$ 67,688	\$ 772,031	\$ 1,460,716	\$ 807,916
All Other Governmental Funds										
Assigned	\$	\$	\$	88,706	\$	\$	\$	\$	\$	\$
Committed to Capital Projects Fund	1,861,581	13,170,754	18,954,570		62,124	62,124	535,196	626,408	451,965	42,976
Unassigned, reported in:										
Special Revenue Fund					(86,697)	(79,059)	(78,660)	(74,232)	(74,412)	(71,996)
Debt Service Fund										8,749
Nonspendable Permanent Fund	88,722	88,721	88,720	13						
Total All Other Governmental Funds	\$ 1,950,303	\$ 13,259,475	19,043,290	\$ 88,719	\$ (24,573)	\$ (16,935)	\$ 456,536	\$ 552,176	\$ 377,553	\$ (20,271)

Source: CAFR Schedule B-1

PENNSVILLE TOWNSHIP 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	\$ 22,063,034	\$ 20,792,706	19,610,791	\$ 18,968,608	\$ 18,803,642	\$ 18,440,872	\$ 18,085,221	\$ 17,736,715	\$ 17,428,238	\$ 17,235,818
Tuition Charges	297,768	227,126	172,231	127,810	87,733	161,614	152,888	120,125	144,321	75,138
Transportation Charges	82,283	39,003	32,989	58,571	55,705	59,014	57,801	57,110		76,823
Interest Earnings	12,110	29,094	16,714	3,679	3,611	5,569	8,169	9,726	10	39,797
Miscellaneous	101,481	202,668	300,924	176,275	27,709	373,996	394,969	321,023	842,889	416,404
State Sources	14,673,570	12,662,364	12,742,683	11,555,209	11,167,790	11,394,253	11,146,578	10,169,491	9,949,755	10,853,862
Federal Sources	863,325	894,605	794,024	907,416	948,936	902,726	1,255,403	1,001,129	2,494,102	1,033,478
Total Revenues	38,093,571	34,847,566	33,670,356	31,797,568	31,095,126	31,338,044	31,101,029	29,415,319	30,859,315	29,731,320
Expenditures										
Instruction										
Regular Instruction	9,221,957	8,818,051	8,455,906	8,786,497	8,250,988	8,548,429	9,021,795	9,174,353	8,912,458	9,095,102
Special Education Instruction	2,408,713	2,504,837	2,705,519	2,601,154	2,666,345	2,569,676	2,484,988	2,447,378	2,474,232	2,535,102
Other Special Instruction	532,027	334,218	322,866	306,440	222,500	227,489	215,568	193,617	180,673	234,364
Other Instruction	555,154	531,701	519,059	481,560	467,418	468,408	438,538	439,223	484,591	437,457
Support Services										
Tuition	2,343,389	1,799,241	1,222,309	930,820	1,608,457	1,225,452	859,808	894,823	1,344,917	1,579,610
Student and Instruction Related Services	3,615,370	3,551,505	3,292,386	3,024,580	3,183,312	3,209,515	3,303,486	3,084,588	3,444,367	3,178,782
General Administration	597,077	595,906	661,695	649,670	627,813	681,586	680,987	611,374	617,705	637,145
School Administrative Services	1,313,658	1,278,644	1,255,280	1,403,824	1,361,901	1,327,618	1,295,935	1,279,476	1,222,180	1,239,694
Central Services	404,197	410,757	419,505	389,746	374,769	381,669	365,581	358,837	349,523	340,326
Administrative Information Technology	131,935	201,139	244,064	218,614	249,148	310,434	331,290	292,198	258,827	233,776
Plant Operations and Maintenance	2,626,350	2,569,927	2,696,540	2,576,717	3,112,268	2,843,147	2,529,822	2,732,052	2,567,790	2,723,021
Pupil Transportation	1,644,885	1,545,620	1,396,072	1,420,078	1,411,096	1,261,716	1,300,477	1,194,498	1,197,183	1,358,887
Employee Benefits	9,264,412	9,212,690	8,259,660	7,515,131	7,292,506	7,308,903	6,428,462	6,198,514	6,174,499	5,827,638
Special Schools										
Capital Outlay	11,668,159	21,118,034	4,337,500	1,864,831	2,706,628	625,047	2,002,278	917,673	578,652	248,953
Debt Service										
Principal	1,650,000				270,991	261,424	252,314	243,850	235,802	228,329
Interest and Other Charges	1,073,236				6,160	18,228	29,802	40,911	51,583	61,845
Total Expenditures	49,050,519	54,472,270	35,788,361	32,169,662	33,812,300	31,268,741	31,541,131	30,105,673	30,203,732	30,032,713
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(10,956,948)	(19,624,704)	(2,118,005)	(372,094)	(2,717,174)	69,303	(440,102)	(690,354)	655,583	(301,393)
Other Financing Sources (Uses)										
Bond Proceeds		14,725,000	20,900,000							
Proceeds from Capital Lease					1,178,748					
Capital Leases					1,200,000		1,332,314			
Transfers In				8,538	1			325,516	1	
Transfers Out	(12,920)		(11,937)	(17,009)	(1)			(325,516)	(1)	
Total Other Financing Sources (Uses)	(12,920)	14,725,000	20,888,063	(8,471)	2,378,748		1,332,314			
Net Change in Fund Balances	\$ (10,969,868)	\$ (4,899,704)	18,770,058	\$ (380,565)	(338,426)	\$ 69,303	\$ 892,212	\$ (690,354)	\$ 655,583	\$ (301,393)
Debt Service as a Percentage of Noncapital Expenditures	5.55%	0.00%	0.00%	0.00%	0.89%	0.91%	0.96%	0.98%	0.97%	0.97%

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investment</u>	<u>Transportation</u> <u>Fees</u>	<u>Solar</u> <u>Renewable</u> <u>Credits</u>	<u>Prior Year</u> <u>Tuition</u> <u>and</u> <u>Transportation</u>	<u>Prior Year</u> <u>Order</u> <u>Adjustments</u>	<u>ERATE</u>	<u>Miscellaneous</u>	<u>Total</u>
2018	\$ 297,768	\$ 7,312	\$ 82,283	\$	\$ 3,620	\$	52,716	45,145	\$ 488,844
2017	227,126	2,751	39,003	67,404	38,614	14,146	56,425	26,089	471,558
2016	172,231	10,382	32,989	63,940	96,054	78,195		62,735	516,526
2015		3,669	58,571	44,480	91,003	28,601		12,200	238,524
2014	87,733	3,611	55,705					27,709	174,758
2013	161,614	5,569	59,014					373,996	600,193
2012	152,888	8,169	57,801					394,969	613,827
2011	120,125	9,726	57,110	73,656				218,327	478,944
2010	144,321	11,464						133,460	289,245
2009	75,138	39,797	76,823					173,310	365,068
2008	54,280	133,640	80,147					138,546	406,613

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities*	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate**
2018	\$ 21,254,797	\$ 717,424,427	\$ 10,652,200	\$ 1,581,500	\$ 107,201,840	\$ 151,114,500	\$ 29,860,100	\$ 1,039,089,364	\$ 1,533,759	\$ 1,040,623,123	\$ 1,015,628,349	2.14
2017	22,034,897	722,771,132	10,397,400	1,582,200	105,785,300	151,114,500	29,860,100	1,042,765,429	1,517,052	1,044,282,481	980,683,704	2.11
2016	21,416,297	726,819,334	10,285,200	1,558,200	108,446,400	151,114,500	30,360,100	1,050,000,031	1,511,704	1,051,511,735	997,620,210	1.92
2015	21,897,997	729,661,534	10,492,000	1,562,200	126,578,900	153,447,700	29,973,300	1,073,613,631	1,539,239	1,075,152,870	1,115,270,411	1.80
2014	21,943,897	731,985,434	10,730,400	1,557,600	129,111,400	166,993,000	29,973,300	1,092,295,031	1,451,982	1,093,747,013	1,179,652,954	1.73
2013	22,701,800	733,533,934	10,992,200	1,685,200	132,021,500	166,993,000	30,560,300	1,098,487,934	1,813,332	1,100,301,266	1,232,034,873	1.69
2012	23,648,600	734,678,147	11,129,700	1,685,200	134,762,900	177,993,000	30,560,300	1,114,457,847	2,051,986	1,116,509,833	1,264,372,477	1.64
2011	21,956,000	741,079,700	11,909,600	1,734,900	147,404,300	202,993,000	32,747,600	1,159,825,100	2,592,983	1,162,418,083	1,412,292,003	1.56
2010	12,901,600	480,612,100	7,092,900	2,076,100	80,069,400	150,325,900	17,513,000	750,591,000	1,552,472	752,143,472	1,353,383,538	2.30
2009	13,368,800	478,692,500	6,828,900	2,082,600	80,085,400	150,160,900	17,513,000	748,732,100	1,635,282	750,367,382	1,171,277,265	2.30
2008	15,202,700	476,113,800	6,655,800	2,027,200	79,372,000	150,155,900	17,513,000	747,040,400	1,727,963	748,768,363	1,041,316,420	2.32

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

Source: District records Tax list summary & Municipal Tax Assessor

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

**Tax rates are per \$100

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(Rate Per \$100 of Assessed Value)

(UNAUDITED)

Township of Pennsville

Year Ended June 30,	District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate *	General Obligation Debt Service **	Total Direct School Tax Rate	Municipality	County	
2018	\$ 2.001	\$ 0.139	\$ 2.140	\$ 0.762	\$ 1.206	\$ 4.108
2017	2.053	0.058	2.111	0.737	1.115	3.963
2016	1.924	0.000	1.924	0.698	1.005	3.627
2015	1.795	0.019	1.795	0.673	1.012	3.480
2014	1.709	0.019	1.727	1.600	0.864	4.191
2013	1.674	0.019	1.693	1.512	0.946	4.151
2012	1.617	0.019	1.636	1.450	0.940	4.026
2011	1.540	0.018	1.558	1.420	0.920	3.898
2010	2.277	0.027	2.304	1.340	0.870	4.514
2009	2.270	0.027	2.297	1.130	0.900	4.327
2008	2.280	0.040	2.320	2.120	1.730	6.170

Source: District Records and Municipal Tax Collector

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

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

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

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

<u>Taxpayer</u>	<u>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>
The Chemours Company FC LLC	124,000,000	1	11.93%			
Siegfried USA, LLC	16,181,900	2	1.56%			
Calpine New Jersey Generation, LLC	10,932,600	3	1.05%			
Orchard Court Association	8,752,200	4	0.84%			
Lauras Glen DE 1,2,3 LLC	8,000,000	5	0.77%			
Pennsville Hotel Corporation	6,500,000	6	0.63%			
Pennsville Acquisition, LLC	5,363,800	7	0.52%			
ACP Inc	4,754,900	8	0.46%			
Penn Norse, LLC	3,650,000	9	0.35%			
M & P Ree, LLC	3,606,600	10	0.35%			
Total	\$ 191,742,000		18.45%	\$		0.00%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2018	\$ 22,063,034	\$ 22,063,034	100.00%	\$
2017	20,792,706	20,792,706	100.00%	
2016	19,610,791	19,610,791	100.00%	
2015	18,968,608	18,968,608	100.00%	
2014	18,803,642	18,803,642	100.00%	
2013	18,440,872	18,440,872	100.00%	
2012	18,085,221	18,085,221	100.00%	
2011	17,736,715	17,736,715	100.00%	
2010	17,428,238	17,428,238	100.00%	
2009	17,235,818	17,235,818	100.00%	
2008	17,762,836	17,762,836	100.00%	

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Capital Leases			
2018	\$ 33,975,000	\$ 246,831	\$ 34,221,831	5.90%	728
2017	35,625,000	489,736	36,114,736	6.56%	830
2016	20,900,000	790,201	21,690,201	3.85%	480
2015		1,296,435	1,296,435	0.24%	29
2014		1,796,975	1,796,975	0.33%	42
2013	270,991	855,241	1,126,232	0.21%	85
2012	532,414	1,107,335	1,639,749	0.30%	123
2011	784,728		784,728	0.14%	59
2010	1,028,578	270,052	1,298,630	0.24%	98
2009	1,264,380	583,347	1,847,727	0.35%	138
2008	1,492,710	778,776	2,271,486	0.44%	170

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

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

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

Fiscal Year Ended June 30,	General Obligation Bonds	Percentage of Actual Taxable Value of Property*	Per Capita**
2018	\$ 33,975,000	\$ 3.35%	\$ 2,756
2017	35,625,000	3.63%	2,833
2016	20,900,000	2.13%	1656
2015		0.00%	
2014		0.00%	
2013	270,991	0.02%	20
2012	532,414	0.05%	40
2011	784,728	0.07%	59
2010	1,028,578	0.14%	77
2009	1,264,380	0.17%	95

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

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

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Pennsville Township	\$ 5,421,025		\$ 5,421,025
Salem County General Obligation Debt	44,649,364	21.12%	9,430,734
Subtotal, Overlapping Debt			<u>14,851,759</u>
District's Direct Debt			<u>33,975,000</u>
Total Direct and Overlapping Debt			<u>\$ 48,826,759</u>

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

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

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

Local Debt Margin Calculation for Fiscal Year 2017:

Equalized valuation basis:

2017	\$ 1,019,983,901
2016	984,869,872
2015	1,022,002,505
	<u>\$ 3,026,856,278</u>

Average equalized valuation of taxable property \$ 1,008,952,093

Debt Limit (4% of average equalized value)* 40,358,084
 Net Bonded Debt 33,975,000

Local Debt Margin \$ 6,383,084

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	\$ 40,358,084	41,067,528	\$ 42,908,845	\$ 45,058,170	\$ 47,146,163	\$ 48,911,352	\$ 50,927,114	\$ 51,576,593	\$ 50,423,603	\$ 46,358,334
Total Net Debt Applicable to Limit	<u>33,975,000</u>	<u>35,625,000</u>	<u>20,900,000</u>			<u>270,991</u>	<u>532,414</u>	<u>784,728</u>	<u>1,028,578</u>	<u>1,264,380</u>
Legal Debt Margin	<u>\$ 6,383,084</u>	<u>5,442,528</u>	<u>\$ 22,008,845</u>	<u>\$ 45,058,170</u>	<u>\$ 47,146,163</u>	<u>\$ 48,640,361</u>	<u>\$ 50,394,700</u>	<u>\$ 50,791,865</u>	<u>\$ 49,395,025</u>	<u>\$ 45,093,954</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	84.18%	86.75%	48.71%	0.00%	0.00%	0.55%	1.05%	1.52%	2.04%	2.73%

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

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

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

Year	Population*	Personal Income (thousands of dollars)**	Per Capita Personal Income***	Unemployment Rate****
2018	[^] 12,328	\$ 579,570,776	\$ 47,013	5.1%
2017	12,499	546,874,820	46,091	5.3%
2016	12,620	577,922,796	45,187	5.7%
2015	12,739	563,942,791	44,269	6.7%
2014	12,875	546,234,750	42,426	7.5%
2013	12,988	539,963,112	41,574	8.9%
2012	13,135	541,070,055	41,193	10.5%
2011	13,284	550,980,468	41,477	10.2%
2010	13,378	536,390,910	40,095	10.2%
2009	13,303	524,736,835	39,445	4.4%

[^] Estimate

Source:

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

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

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

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

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

TOWNSHIP OF PENNSVILLE

Employer	2018		2009	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
PSEG Nuclear	1,595	2.41%	N/A	N/A
EI DuPont	685	1.04%	N/A	N/A
Mannington Mills	800	1.21%	N/A	N/A
Memorial Hospital of Salem County	720	1.09%	N/A	N/A
RE Pierson Construction	400	0.61%	N/A	N/A
Anchor Glass	376	0.57%	N/A	N/A
McLane NJ	401	0.61%	N/A	N/A
Inspira Health Network	400	0.61%	N/A	N/A
Walmart	250	0.38%	N/A	N/A
B & B Poultry Co., Inc	175	0.26%	N/A	N/A
Atlantis Rehabilitation	170	0.26%	N/A	N/A
Southgate Healthcare Center	170	0.26%	N/A	N/A
Home Care & Hospice Care of SJ	160	0.24%	N/A	N/A
Ross Fogg Fuel Oil, Inc.	160	0.24%	N/A	N/A
CFJ Properties	150	0.23%	N/A	N/A
Larchmont Farms	275	0.42%	N/A	N/A
Salem County College	180	0.27%	N/A	N/A

Source: Salem County Office of Development

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

N/A - Information not available

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

<u>Function/Program</u>	<u>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>
Instruction										
Regular and Special Education	164.5	166.0	167.0	166.5	166.5	166.5	163.5	163.0	166.0	181.0
Other Special Education	37.0	35.0	34.0	33.0	33.0	33.0	36.0	36.0	38.0	38.0
Other Instruction	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Support Services:										
Student & Instruction Related Services	15.0	15.0	15.0	15.0	15.0	15.0	16.0	16.0	16.0	12.0
General Administrative Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
Other Administrative Services	5.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.0
School Administrative Services	15.0	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	20.0
Business Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Administrative Information Technology	5.0	4.5	4.5	4.5	4.5	4.5	4.0	4.0	4.0	3.0
Plant Operations and Maintenance	5.0	5.0	5.0	5.0	5.0	5.0	5.5	5.5	5.0	31.0
Total	267.5	267.5	267.5	266.0	266.0	266.0	267.0	266.5	270.0	311.0

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures*	Cost Per Pupil	Percentage Change	Teaching Staff**	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)***	Average Daily Attendance (ADA)***	% Change in Average Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2018	1,766.0	45,416,631	25,717	-14.20%	192	1 : 12	1 : 10	1 : 9	1,752.7	1,662.5	-1.37%	94.85%
2017	1,787.0	53,560,382	29,972	53.35%	198	1 : 12	1 : 10	1 : 9	1,777.0	1,646.5	1.20%	92.66%
2016	1,789.0	34,966,080	19,545	17.67%	198	1 : 12	1 : 10	1 : 9	1,756.0	1,675.5	-3.70%	95.41%
2015	1,790.0	31,259,846	17,464	5.14%	199	1 : 12	1 : 10	1 : 9	1,762.0	1,674.4	-3.37%	95.03%
2014	1,856.0	30,828,521	16,610	4.59%	199	1 : 12	1 : 9.7	1 : 9.3	1,823.5	1,738.9	-4.63%	95.36%
2013	1,912.0	30,364,042	15,881	6.01%	199	1 : 13	1 : 10.7	1 : 10.3	1,912.0	1,779.7	-2.10%	93.08%
2012	1,953.0	29,256,238	14,980	5.63%	198	1 : 15	1 : 10.6	1 : 8.9	1,953.0	1,838.7	4.80%	94.15%
2011	2,038.0	28,903,240	14,182	4.57%	198	1 : 12.3	1 : 11	1 : 8	1,863.6	1,757.3	-13.85%	94.30%
2010	2,163.1	29,337,695	13,563	-9.20%	206	1 : 12.3	1 : 11.2	1 : 9.2	2,163.1	2,032.2	14.60%	93.95%
2009	1,974.5	29,493,586	14,937	-1.07%	212	1 : 12.9	1 : 11.2	1 : 9.2	1,887.6	1,789.4	-7.81%	94.80%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

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

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

	<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>Administrative Offices:</u>										
Square Feet	42,096	42,096	42,096	42,096	42,096	42,096	42,096	42,096	42,096	42,096
Capacity (Students)										
Enrollment										
<u>Elementary</u>										
Central Park Elementary School (1956):										
Square Feet	34,960	34,960	34,960	34,960	34,960	34,960	34,960	34,960	34,960	34,960
Capacity (students)	419	419	419	419	419	419	419	419	419	419
Enrollment	305	281	267	241	259	306	274	259	259	251
Penn Beach Elementary School (1964):										
Square Feet	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330
Capacity (students)	514	514	514	514	514	514	514	514	514	514
Enrollment	258	244	262	282	265	272	294	326	326	365
Valley Park Elementary School (1969):										
Square Feet	61,132	61,132	61,132	61,132	61,132	61,132	61,132	61,132	61,132	61,132
Capacity (students)	526	526	526	526	526	526	526	526	526	526
Enrollment	276	297	283	303	323	305	295	321	321	318
<u>Middle School</u>										
Pennsville Middle School (1959)										
Square Feet	98,938	98,938	98,938	98,938	98,938	98,938	98,938	98,938	98,938	98,938
Capacity (students)	984	984	984	984	984	984	984	984	984	984
Enrollment	411	422	423	423	458	451	446	473	473	495
<u>High School</u>										
Pennsville Memorial High School										
Square Feet	158,426	158,426	158,426	158,426	158,426	158,426	158,426	158,426	158,426	158,426
Capacity (students)	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134
Enrollment	516	543	554	541	551	571	596	554	554	538

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.

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

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>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>
District Office	42,096	\$ 4,360	\$ 5,482	\$ 7,257	\$ 4,327	\$ 17,775	\$ 31,886	\$ 3,715	\$ 49,630	\$ 8,005	\$ 15,353
Pennsville Memorial High School	158,426	26,398	20,631	97,866	58,350	239,675	177,323	45,447	32,550	52,048	97,311
Pennsville Middle School	98,938	9,117	12,884	18,964	11,307	46,444	65,066	36,179	16,449	26,405	25,268
Central Park Elementary School	34,960	3,568	4,553	16,908	10,081	41,407	46,334	840	29,143	3,955	5,411
Penn Beach Elementary School	36,330	3,964	4,731	50,130	29,889	58,860	29,860	17,401	117,913	28,878	37,431
Valley Park Elementary School	61,132	9,313	7,962	24,036	14,330	122,770	39,404	15,212	48,916	30,378	47,434
Total School Facilities		<u>56,720</u>	<u>56,243</u>	<u>215,161</u>	<u>128,284</u>	<u>526,931</u>	<u>389,873</u>	<u>118,794</u>	<u>294,601</u>	<u>149,669</u>	<u>228,208</u>
Grand Total		<u>\$ 56,720</u>	<u>\$ 56,243</u>	<u>\$ 215,161</u>	<u>\$ 128,284</u>	<u>\$ 526,931</u>	<u>\$ 389,873</u>	<u>\$ 118,794</u>	<u>\$ 294,601</u>	<u>\$ 149,669</u>	<u>\$ 228,208</u>

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

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
(UNAUDITED)

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

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, 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 Pennsville Township 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 Pennsville Township School District's basic financial statements, and have issued our report thereon dated January 25, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

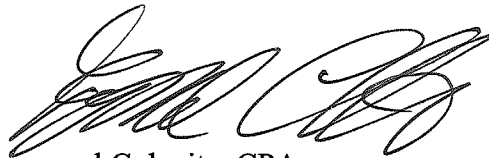
Purpose of this Report

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
January 25, 2019

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Pennsville Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Pennsville Township School District's major federal and state programs for the fiscal year ended June 30, 2018. The Pennsville Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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 Pennsville Township 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 of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Pennsville Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion, the Board of Education of the Pennsville Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the 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 Pennsville Township 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 Pennsville Township 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 Pennsville Township School District Board of Education's internal control over compliance.

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

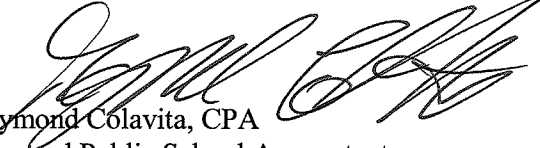
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated January 25, 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 OMB 15-08.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA


Raymond Colavita, CPA
Licensed Public School Accountant

No. 915

January 25, 2019

**PENNSVILLE TOWNSHIP 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 of Prior Year (A)	Adjustment / Repayment Balance	JUNE 30, 2018		
						Accounts Receivable	Deferred Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor
General Fund																
U.S. Department of Education:																
Passed-through State Department of Education																
Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	N/A	7/1/17-6/30/18	\$ 46,607	\$	\$	\$	\$ 46,607	\$ (46,607)	\$	\$ (46,607)	\$	\$	\$	
Total General Fund								46,607	(46,607)		(46,607)					
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	NCLB407518	7/1/17-6/30/18	284,579			155,127	(223,412)		(223,412)			(68,285)		
Title I - Part A	84.010	S010A160030	NCLB407517	7/1/16-6/30/17	365,367	(181,259)		183,778	(2,519)		(2,519)	18,029		18,029		
Title II A	84.367A	S367A170029	NCLB407518	7/1/17-6/30/18	64,491			2,369	(16,507)		(16,507)			(14,138)		
Title II A	84.367A	S367A160029	NCLB407517	7/1/16-6/30/17	62,675	(39,657)		39,657	(152)		(152)			(152)		
Title IV	84.424	S424A170031	NCLB407518	7/1/17-6/30/18	10,000			300	(3,400)		(3,400)			(3,100)		
IDEA Cluster:																
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	IDEA407518	7/1/17-6/30/18	587,577			263,972	(558,244)		(558,244)			(294,272)		
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	IDEA407517	7/1/16-6/30/17	525,528	(206,381)		206,381								
I.D.E.A. Preschool	84.173	H173A170114	IDEAPS407518	7/1/17-6/30/18	24,362			7,491	(12,484)		(12,484)			(4,993)		
I.D.E.A. Preschool	84.173	H173A160114	IDEAPS407517	7/1/16-6/30/17	22,153	(10,888)		10,888								
Total US Department of Education						(438,185)		869,963	(816,718)		(816,718)	18,029		(384,940)		
Enterprise Fund																
U.S. Dept. of Agriculture Passed-through State Dept. of Education:																
Child Nutrition Cluster:																
Cash Assistance:																
National School Lunch Program	10.555	171NJ304N1099	N/A	7/1/17-6/30/18	238,605			220,411	(238,605)		(238,605)			(18,194)		
National School Lunch Program	10.555	161NJ304N1099	N/A	7/1/16-6/30/17	227,754	(64,211)		64,211								
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/17-6/30/18	39,912			36,749	(39,912)		(39,912)			(3,163)		
National School Breakfast Program	10.553	161NJ304N1099	N/A	7/1/16-6/30/17	38,091	(10,879)		10,879								
National School Snack Program	10.555	171NJ304N1099	N/A	7/1/17-6/30/18	1,838			1,838	(1,838)		(1,838)					
National School Snack Program	10.555	161NJ304N1099	N/A	7/1/16-6/30/17	961	(301)		301								
Non-Cash Assistance:																
Food Distribution Program	10.565	Unknown	N/A	7/1/17-6/30/18	46,970			46,970	(37,309)		(37,309)			9,661		
Food Distribution Program	10.565	Unknown	N/A	7/1/16-6/30/17	48,011		8,034		(8,034)		(8,034)					
Total U.S. Department of Agriculture						(75,391)	8,034	381,359	(325,698)		(325,698)			(21,357)		
Total Federal Financial Awards						\$ (513,576)	\$ 8,034	\$ 1,297,929	\$ (1,189,023)	\$	\$ (1,189,023)	\$ 18,029	\$	\$ (406,297)		
														\$ 9,661		
														\$ 18,029		

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

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	June 30, 2017			Cash Received	Budgetary Expenditures	Adjustment / Repayment of Prior Year Balance	June 30, 2018		MEMO					
			Grant Period From	To	(Accounts Receivable)				Due to Grantor	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures			
State Department of Education:																
General Fund - Current Expense:																
Equalization Aid	18-495-034-5120-078	\$ 7,691,680	7/1/17	to 6/30/18	\$	\$	7,009,706	\$	(7,691,680)	\$	(681,974)	\$	(681,974)	\$	7,691,680	
Equalization Aid	17-495-034-5120-078	7,416,252	7/1/16	to 6/30/17			689,716									
Special Education Categorical Aid	18-495-034-5120-089	1,010,823	7/1/17	to 6/30/18			921,200		(1,010,823)		(89,623)		(89,623)	*	1,010,823	
Special Education Categorical Aid	17-495-034-5120-089	997,530	7/1/16	to 6/30/17			94,056									
School Choice Aid	18-495-034-5120-068	173,682	7/1/17	to 6/30/18			158,283		(173,682)		(15,399)		(15,399)	*	173,682	
School Choice Aid	17-495-034-5120-068	115,788	7/1/16	to 6/30/17			14,365									
Security Aid	18-495-034-5120-084	67,439	7/1/17	to 6/30/18			61,460		(67,439)		(5,979)		(5,979)	*	67,439	
Security Aid	17-495-034-5120-084	57,757	7/1/16	to 6/30/17			6,275									
Additional Adjustment Aid	18-495-034-5120-085	115,788	7/1/17	to 6/30/18			105,522		(115,788)		(10,266)		(10,266)	*	115,788	
Additional Adjustment Aid	17-495-034-5120-085	115,788	7/1/16	to 6/30/17			10,774									
Transportation Aid	18-495-034-5120-014	134,088	7/1/17	to 6/30/18			122,199		(134,088)		(11,889)		(11,889)	*	134,088	
Transportation Aid	17-495-034-5120-014	117,331	7/1/16	to 6/30/17			12,477									
PARCC Readiness Aid	18-495-034-5120-098	17,350	7/1/17	to 6/30/18			15,812		(17,350)		(1,538)		(1,538)	*	17,350	
PARCC Readiness Aid	17-495-034-5120-098	17,350	7/1/16	to 6/30/17			1,614									
Per Pupil Growth Aid	18-495-034-5120-097	17,350	7/1/17	to 6/30/18			15,812		(17,350)		(1,538)		(1,538)	*	17,350	
Per Pupil Growth Aid	17-495-034-5120-097	17,350	7/1/16	to 6/30/17			1,614									
Prof Learning Comm Aid	18-495-034-5120-101	16,775	7/1/17	to 6/30/18			15,288		(16,775)		(1,487)		(1,487)	*	16,775	
Prof Learning Comm Aid	17-495-034-5120-101	16,775	7/1/16	to 6/30/17			1,561									
Extraordinary Special Education Aid	18-495-034-5120-044	152,336	7/1/17	to 6/30/18			102,754		(152,336)		(152,336)		*		152,336	
Extraordinary Special Education Aid	17-495-034-5120-473	64,160	7/1/16	to 6/30/17			102,754									
Homeless Aid	N/A	17,324	7/1/17	to 6/30/18							(17,324)		*		17,324	
Homeless Aid	N/A	107,676	7/1/16	to 6/30/17			65,482									
Nonpublic Transportation aid	18-495-034-5120-014	3,480	7/1/17	to 6/30/18					(3,480)		(3,480)		*		3,480	
Nonpublic Transportation aid	17-495-034-5120-014	2,895	7/1/16	to 6/30/17			2,436									
Reimbursed TPAF Social Security Contrib.	18-495-034-5094-003	944,377	7/1/17	to 6/30/18			898,070				(46,307)		*		944,377	
Reimbursed TPAF Social Security Contrib.	17-495-034-5094-003	905,431	7/1/16	to 6/30/17			45,080									
							(1,048,204)				10,371,556		(10,362,492)			
											(1,039,140)		(819,693)		10,362,492	
Special Revenue Fund:																
N.J. Nonpublic Aid:																
Textbook Aid	18-100-034-5120-064	7,834	7/1/17	to 6/30/18			7,834		(5,070)				2,764	*	5,070	
Textbook Aid	17-100-034-5120-064	8,992	7/1/16	to 6/30/17			829				(829)			*		
Nursing Aid	18-100-034-5120-070	13,871	7/1/17	to 6/30/18			13,871		(13,871)		(515)		*		13,871	
Nursing Aid	17-100-034-5120-070	14,040	7/1/16	to 6/30/17			515				(515)		*			
Technology Aid	18-100-034-5120-373	5,291	7/1/17	to 6/30/18			5,291		(5,291)		(17)		*		5,291	
Technology Aid	17-100-034-5120-373	4,056	7/1/16	to 6/30/17			17				(17)		*			
Security Aid	18-100-034-5120-509	10,725	7/1/17	to 6/30/18			10,725		(10,725)				*		10,725	
Security Aid	17-100-034-5120-509	7,800	7/1/16	to 6/30/17			7,800				(7,800)		*			
Auxiliary Services:																
Compensatory Education Aid	18-100-034-5120-067	35,434	7/1/17	to 6/30/18			35,434		(35,434)				*		35,434	
Compensatory Education Aid	17-100-034-5120-067	34,040	7/1/16	to 6/30/17			1,881				(1,881)		*			
Handicapped Services:																
Supplemental Instruction Aid	18-100-034-5120-066	8,723	7/1/17	to 6/30/18			8,723		(8,723)				*		8,723	
Supplemental Instruction Aid	17-100-034-5120-066	5,493	7/1/16	to 6/30/17			2,881				(2,881)		*			
Examination & Classification Aid	18-100-034-5120-066	9,463	7/1/17	to 6/30/18			9,463		(9,463)		(4,153)		*		9,463	
Examination & Classification Aid	17-100-034-5120-066	10,808	7/1/16	to 6/30/17			4,153				(4,153)		*			
Corrective Speech	18-100-034-5120-066	5,357	7/1/17	to 6/30/18			5,357		(5,357)				*		5,357	
														*		
Total Special Revenue Fund							18,076		96,698		(93,934)		(18,076)		2,764	93,934
Capital Projects Fund:																
PMHS Fire Alarm Renovations	4075-050-14-1003	148,240	7/1/15	- Closing					498		(131,557)		*		(498)	
PMHS Window/Transom Replacement	4075-050-14-1010	502,656	7/1/15	- Closing					(550)		(488,403)		*		550	
Total Capital Projects Fund									(52)		(619,960)		*		52	
Debt Service Fund:																
Debt Service Aid Type II	18-495-034-5120-075	1,288,197	7/1/17	to 6/30/18			1,288,197		(1,288,197)							
State Department of Agriculture:																
Enterprise Fund																
National School Lunch Program (State Share)	18-100-010-3350-023	6,046	7/1/17	to 6/30/18			6,046		(6,046)				*		6,046	
National School Lunch Program (State Share)	17-100-010-3350-023	6,031	7/1/16	to 6/30/17			(1,637)				1,637					
							(1,637)				7,683		(6,046)		6,046	
Total State Financial Assistance Subject to OMB 15-08							\$ (1,669,749)	\$ 18,076	\$ 11,764,134	\$ (11,750,721)	\$ (18,076)	\$ (1,659,100)	\$ 2,764	\$ (819,693)	\$ 10,462,524	
State Financial Assistance Not Subject to OMB 15-08:																
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	1,770,167	7/1/17	to 6/30/18			\$ 1,770,167		(1,770,167)							
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	1,143,313	7/1/17	to 6/30/18			1,143,313		(1,143,313)							
On-Behalf Long-term Disability	18-495-034-5094-004	2,656	7/1/17	to 6/30/18			2,656		(2,656)							
Total State Financial Assistance							\$ 14,680,270	\$ (14,666,857)								

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

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$12,759 for the general fund and \$0 for the special revenue fund. See Note A (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 46,607	\$ 13,291,387	\$ 13,337,994
Special Revenue Fund	816,718	93,934	910,652
Debt Service Fund		1,288,197	1,288,197
Capital Projects Fund		52	52
Food Service Fund	<u>325,698</u>	<u>6,046</u>	<u>331,744</u>
Total Awards & Financial Assistance	\$ <u>1,189,023</u>	\$ <u>14,679,616</u>	\$ <u>15,868,639</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

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

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

NOTE 8: MAJOR PROGRAMS

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

NOTE 9: ADJUSTMENTS

There were adjustments on Schedule of Federal Awards in the amount of \$18,029 from prior year balances and \$0 on State Aid, as reflected on Schedule A and Schedule B respectively.

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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
- 2) Significant deficiencies identified? _____ yes X none reported

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.027, 84.173	H027A170100 H173A170114	IDEA Cluster

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

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

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

State Awards

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

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

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-085	Additional Adjustment Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-068	School Choice Aid
18-495-034-5120-101	Professional Learning Community Aid
18-495-034-5120-075	Debt Service Aid Type II

**PENNSVILLE TOWNSHIP 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: N/A

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

PENNSVILLE TOWNSHIP 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

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

STATE AWARDS N/A

Finding:

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

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

Finding: 2017-1

Condition:

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

Current Status: Resolved.