

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF PITTSBGROVE**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2018

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

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OF THE PITTSBURGH TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

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Dr. Scott Hoopes
Superintendent of Schools
(Ext. 4016)

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

January 23, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Pittsgrove Township School District (District) for the fiscal year ended June 30, 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.

We are an Equal Opportunity Employer - F/M

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular, vocational, alternative and remedial, as well as special education for handicapped students. Vocational opportunities are provided through the Salem County Vocational and Technical School. The Pittsgrove Township School District also receives students on a tuition basis for grades PreK–12 from the Borough of Elmer. In Schalick High School, the district houses three county-wide academies in the Visual and Performing Arts. These are magnet programs in Dance, Theater and Visual Arts. The District completed the 2017-18 fiscal year with an enrollment of 1,745 students, including Academy students, which is 60 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2017-18 | 1,745.0 | 3.56% |
| 2016-17 | 1,685.0 | (6.54)% |
| 2015-16 | 1,803.0 | 0.11% |
| 2014-15 | 1,801.0 | 3.32% |
| 2013-14 | 1,743.0 | 1.34% |
| 2012-13 | 1,720.0 | (1.29)% |
| 2011-12 | 1,742.1 | (5.12)% |
| 2010-11 | 1,836.2 | 2.93% |
| 2009-10 | 1,784.0 | (.59)% |
| 2008-09 | 1,794.7 | 3.99% |

2. ECONOMIC CONDITION AND OUTLOOK:

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

MAJOR INITIATIVES/CURRICULA INITIATIVES:

Technology:

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

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

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

Pittsgrove Township School District, K-12:

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

Norma, Elmer, and Olivet Elementary Schools:

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

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

Pittsgrove Township Middle School:

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

Arthur P. Schalick High School:

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

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

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

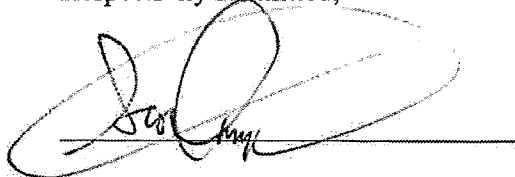
9. OTHER INFORMATION:

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

10. ACKNOWLEDGMENTS:

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

Respectfully submitted,



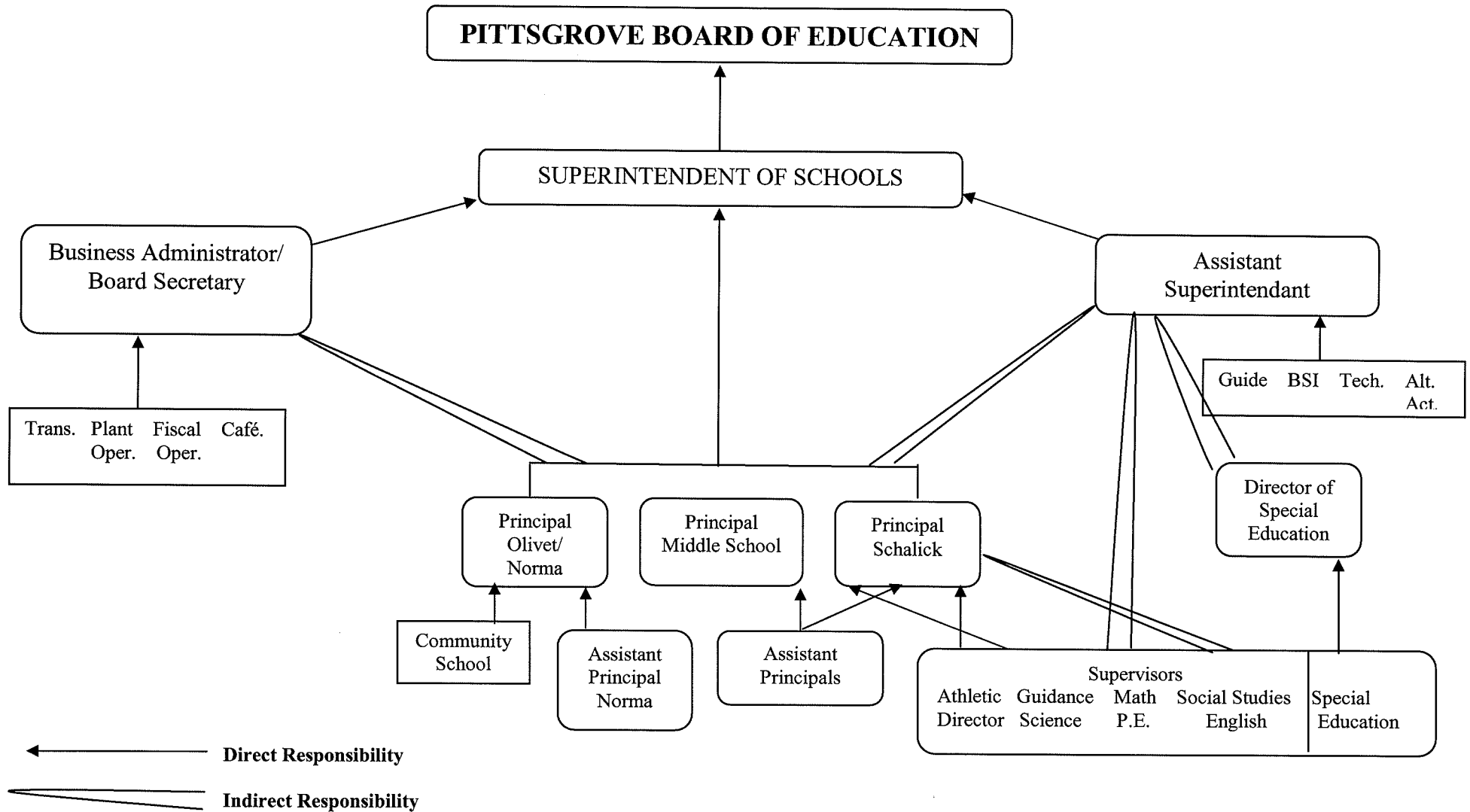
Dr. Scott Hoopes
Superintendent of Schools



Darren Harris
Business Administrator/
Board Secretary

ADMINISTRATOR/SUPERVISOR

RESPONSIBILITY AND ORGANIZATION



PITTSGROVE TOWNSHIP BOARD OF EDUCATION
PITTSGROVE, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2018

| <u>Board Members Name</u> | <u>Position</u> | <u>Term Expires</u> |
|----------------------------------|--|----------------------------|
| Steven DiMatteo | President | 2020 |
| Susan Cushane-Miranda | Vice President | 2018 |
| Dominick J. Miletta, III | Board Member | 2020 |
| Peter Lawlor | Board Member | 2019 |
| Timothy Hack | Board Member | 2018 |
| Jane Berger | Board Member | 2019 |
| Emily Cannon | Board Member | 2019 |
| Joseph E. Wentzell | Board Member | 2018 |
| Samuel Wheaton | Board Member (Elmer Representative) | 2018 |
| | | <u>Amount</u> |
| <u>Other Officials</u> | | <u>of Bond</u> |
| Henry Bermann | Superintendent (7/1/17 to 12/31/17) | \$ 250,000 |
| Thomas A. Coleman, Jr. | Interim Superintendent (1/1/18 to 6/30/18) | 250,000 |
| Darren Harris | Business Administrator/ Board Secretary | 250,000 |
| Parker, McCay, PA | General Counsel | |
| Porzio, Bromberg & Newman, PC | General Counsel | |
| Weiner Law Group | General Counsel | |

TOWNSHIP OF PITTSBORO BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

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TOWNSHIP OF PITTSBORO BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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

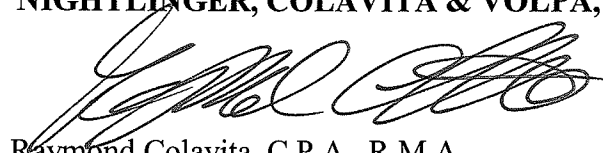
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 23, 2019 on our consideration of the Pittsgrove Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pittsgrove 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 Pittsgrove Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
January 23, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

UNAUDITED

The discussion and analysis of Pittsgrove Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- ❖ General revenues of the District accounted for \$35,637,322 in revenue or 83% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$7,479,121 or 17% percent to total revenues of \$43,116,443.
- ❖ Total Net Position of governmental activities increased by \$1,180,167 comprised of changes in cash and cash equivalents, receivables, inventory, and capital assets. The Net Position of the Business-type Activities decreased by \$34,452.
- ❖ The School District had \$41,970,728 in total expenses, of which \$7,479,121 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes) of \$35,637,322 were adequate to provide for these programs. These revenues and expenses include the Business-type Activities.
- ❖ The General Fund had \$31,982,104 in revenues, \$31,185,844 in expenditures and \$292,275 in net other financing uses. Other financing sources represented \$20,234 transferred to a Charter School, offset by proceeds from capital lease of \$312,509. The General Fund balance increased by \$1,088,585 over 2017. This decrease was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains numerous funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

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

Table 1 provides a comparative summary of the School District's Net Position for the years ended in 2018 and 2017.

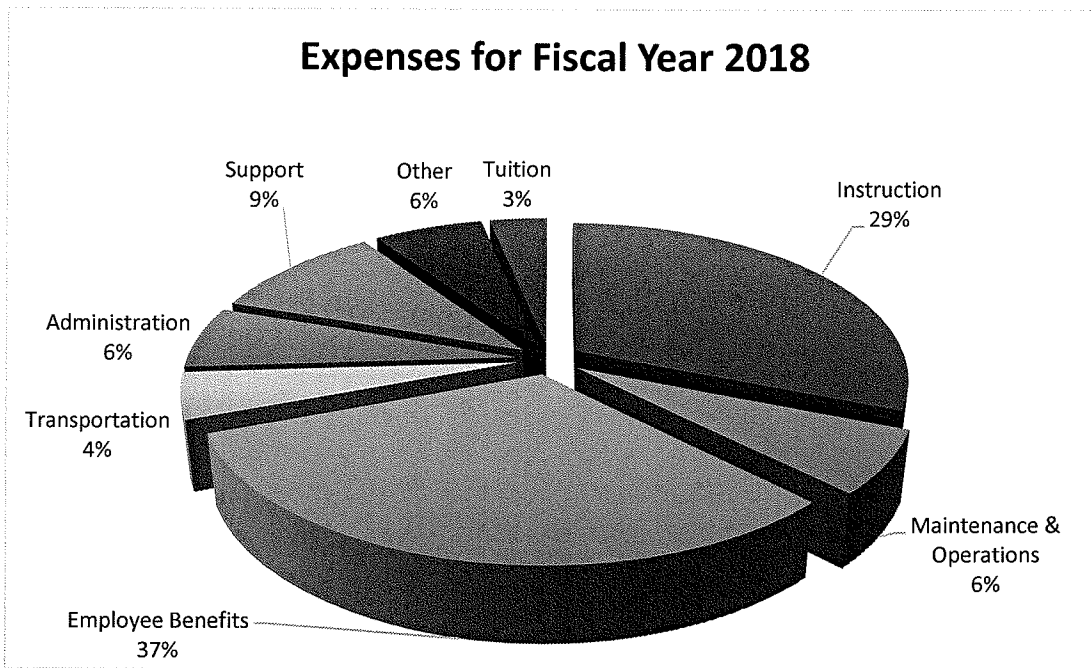
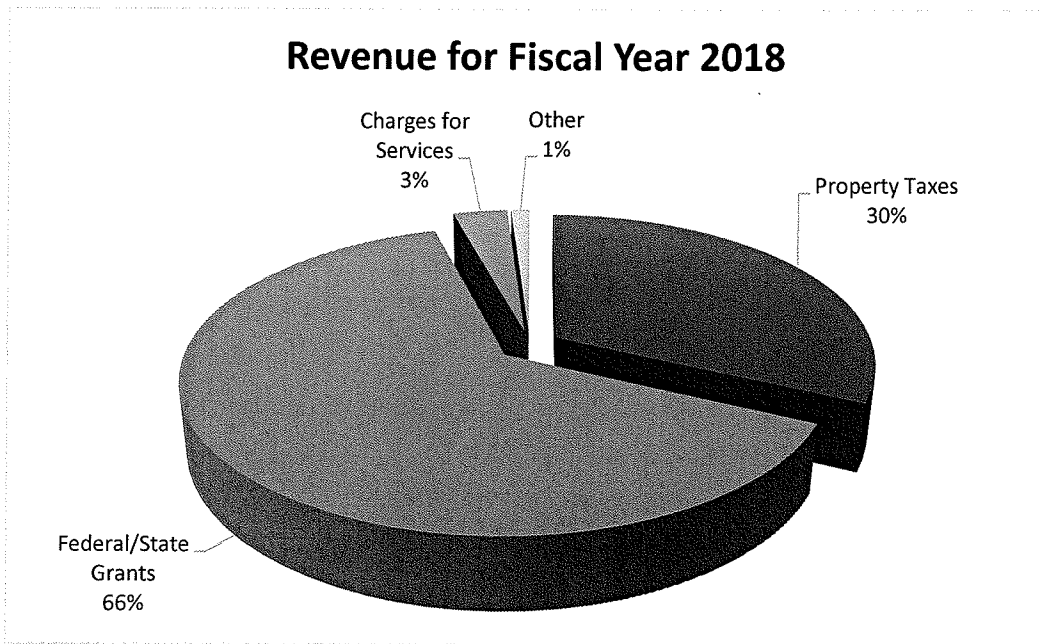
| | 2018 | 2017 |
|---|-----------------------|-----------------------|
| Assets | | |
| Current and Other Assets | \$ 3,275,851 | \$ 2,437,950 |
| Capital Assets, Net | 13,065,586 | 13,945,990 |
| Total Assets | 16,341,437 | 16,383,940 |
| Deferred Outflows of Resources | 2,332,951 | 3,400,143 |
| Liabilities | | |
| Other Liabilities | 10,948,945 | 13,974,670 |
| Non-Current Liabilities | 7,546,089 | 8,630,296 |
| Total Liabilities | 18,495,034 | 22,604,966 |
| Deferred Inflows of Resources | 2,708,958 | 854,436 |
| Net Position | | |
| Invested in Capital Assets, Net of Debt | 6,200,316 | 6,002,547 |
| Restricted | 594,136 | 87,502 |
| Unrestricted (Deficit) | (9,324,056) | (9,765,368) |
| Total Net Position | \$ (2,529,604) | \$ (3,675,319) |

Table 2 shows the changes in Net Position from fiscal year's 2018 and 2017.

Table 2
Changes in Net Position

| | 2018 | 2017 |
|--|---------------------|-----------------------|
| Revenues | | |
| Programs Revenues | | |
| Charges for Services | \$ 1,307,300 | \$ 1,509,753 |
| Operating Grants and Contributions | 6,171,821 | 6,681,706 |
| General Revenues | | |
| Property Taxes | 12,795,929 | 15,959,829 |
| Grants and Entitlements | 22,401,849 | 11,615,909 |
| Other | 446,937 | 3,196,866 |
| Total Revenues | 43,123,836 | 38,964,063 |
| Program Expenses | | |
| Instruction | 12,075,793 | 11,233,032 |
| Tuition | 1,287,032 | 1,171,860 |
| Support Services | | |
| Pupils and Instructional Staff | 3,935,796 | 3,733,780 |
| General Administration, School Administration, Business Operations and Maintenance of Facilities | 2,461,963 | 2,635,500 |
| Pupil Transportation | 2,513,883 | 2,550,312 |
| Employee Benefits | 1,840,888 | 1,752,147 |
| Special Schools | 15,361,649 | 14,928,283 |
| Interest on Debt | 269,958 | 357,371 |
| Food Service and Child Care | 1,018,731 | 850,683 |
| Other | 1,205,035 | 1,334,672 |
| Total Expenses | 41,970,728 | 40,547,640 |
| Excess of Expenditures over Revenues | 1,153,108 | (1,583,577) |
| Other Adjustments: | | |
| Transfer to Charter School | (7,393) | (26,615) |
| (Decrease) Increase in Net Position | \$ 1,145,715 | \$ (1,610,192) |

The breakdown by percentage of revenues and expenditures of the entire District as a whole for the fiscal year ended June 30, 2018 are illustrated in the two charts shown below:



Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The total governmental revenues of the Pittsgrove Township School District for fiscal year 2018, excluding business-type activities and other net financing uses, were \$35,636,429. The District's Property taxes made up 34.5% percent of these net revenues for governmental activities. Unrestricted Federal, state and local grants accounted for another 62.9%. The total cost of services was \$40,951,997. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$34,456,262. Instruction comprises 29.8% of these net District expenses.

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

Table 3

| | <u>Total Cost of Services 2018</u> | <u>Net Cost of Services 2018</u> | <u>Total Cost of Services 2017</u> | <u>Net Cost of Services 2017</u> |
|---|--|--------------------------------------|--|--------------------------------------|
| Instruction | \$ 12,075,793 | \$ 10,262,410 | \$ 11,233,032 | \$ 10,449,443 |
| Tuition | 1,287,032 | 1,287,032 | 1,171,860 | 1,171,860 |
| Support Services | | | | |
| Pupils and Instructional Staff | 3,935,796 | 3,156,702 | 3,733,780 | 3,344,057 |
| General Administration, School | | | | |
| Administration, Business | 2,461,963 | 2,322,497 | 2,635,500 | 2,291,142 |
| Operation and Maintenance of Facilities | 2,513,883 | 2,470,838 | 2,550,312 | 2,537,751 |
| Pupil Transportation | 1,840,888 | 1,765,237 | 1,752,147 | 1,467,035 |
| Employee Benefits | 15,361,649 | 11,716,553 | 14,928,283 | 9,457,304 |
| Special Schools | | | | |
| Interest and Fiscal Charges | 269,958 | 269,958 | 357,371 | 357,371 |
| Other | 1,205,035 | 1,205,035 | 1,334,672 | 1,334,672 |
| Total Expenses | <u>\$ 40,951,997</u> | <u>\$ 34,456,262</u> | <u>\$ 39,696,957</u> | <u>\$ 32,410,635</u> |

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization of debt issue costs.

Business-Type Activities

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

- ❖ Program Expenses exceeded Revenues by \$35,345. There was no board subsidy required for the year. There was also miscellaneous interest revenue of \$893, resulting in a positive change in Net Position of \$34,452.
- ❖ Charges for services represent \$355,061 for the Food Service Fund and \$224,786 in the Child Care (SACC) Fund. This represents amount paid by patrons for daily food services and SACC activities.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$403,539.

The School District’s Funds

Information about the School District’s major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$34,915,320, expenditures of \$34,266,947 and other financing sources/uses of \$292,275, including the transfer to a Charter School, miscellaneous revenue and proceeds from capital leases. The net negative change in Governmental fund balances for the year was \$940,648, which includes \$1,088,535 in the General fund, (\$150,069) in the Special Revenue Fund and \$ 2,182 in the Permanent fund. The District was, therefore, able to meet current operating costs without an appropriation of surplus and with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects and permanent scholarship funds) for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

| <u>Revenue</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) from 2017</u> | <u>Percent Increase/ (Decrease)</u> |
|-----------------|----------------------|-------------------------|---------------------------------------|-------------------------------------|
| Local Sources | \$ 13,241,973 | 37.92% | \$ (505,174) | -3.67% |
| State Sources | 20,807,967 | 59.60% | 3,586,561 | 20.83% |
| Federal Sources | 865,380 | 2.48% | 50,419 | 6.19% |
| Total | <u>\$ 34,915,320</u> | <u>100.00%</u> | <u>\$ 3,131,806</u> | <u>9.85%</u> |

The decrease in Local sources is attributed to increases in local tax levy of \$2,244,875, \$333,531 in other miscellaneous revenue and \$2,031 in interest earned, offset by a decrease of and tuition revenue of \$3,085,611.

The increase in State sources is attributed to increases in various state public aid of \$3,586,561, which is the result of the merger with Elmer Board of Education.

The increase in Federal sources is due to additions in various other special revenue grants of \$50,419. In addition, the 2018 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2018 and the percentage of increases and decreases in relation to prior year amounts.

| <u>Expenditures</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) from 2017</u> | <u>Percent Increase/ (Decrease)</u> |
|----------------------------|----------------------|-----------------------------|---|---|
| Current: | | | | |
| Instruction | \$ 11,789,686 | 34.41% | \$ 638,156 | 5.72% |
| Undistributed Expenditures | 20,980,401 | 61.23% | 707,122 | 3.49% |
| Capital Outlay | 720,232 | 2.10% | (855,048) | -54.28% |
| Debt Service: | | | | |
| Principal | 580,000 | 1.69% | 20,000 | 3.57% |
| Interest | 196,628 | 0.57% | (21,400) | -9.82% |
| Total | <u>\$ 34,266,947</u> | <u>100.00%</u> | <u>\$ 488,830</u> | <u>1.45%</u> |

The increase in instructional expenditures is attributed to increases in regular instruction of \$619,699, special education instruction of \$237,189, and other instruction of \$12,672, offset by a decrease in other special instruction expenses of \$231,404.

The increase in undistributed expenditures was due to increases in tuition costs of \$115,172, student and instruction related services of \$565,568, central services and information technology of \$33,646 and pupil transportation of \$322,931, offset by decreases in general administrative services of \$31,776, school administrative services of \$65,767, plant operations and maintenance of \$104,151 and employee benefits of \$128,501.

The decrease in capital outlay is attributed to overall decrease in general fund capital outlay.

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

General Fund Budgeting Highlights

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

During the course of the fiscal year 2018, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

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

While the District's final budget for the general fund anticipated that revenues, with no surplus appropriated, would roughly equal expenditures, the actual results for the year show an increase in surplus of \$1,279,767, as shown on Exhibit C-1.

- ❖ Actual revenues were \$405,799 more than expected, excluding on-behalf pension, social security and long term disability reimbursements of \$3,738,938, reflecting a positive variance of \$4,144,737.
- ❖ Actual expenditures were \$654,429 less than expected and shows that there were favorable variances in most expenditure accounts. This excludes state on-behalf pension, social security and long term disability reimbursements of \$3,738,938, along with assets acquired under capital leases in the amount of \$312,509.

Capital Assets

At the end of the fiscal year 2018, the School District had \$13,065,586 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2018 balances compared to 2017.

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

| | <u>2018</u> | <u>2017</u> |
|---------------------------|----------------------|----------------------|
| Land | \$ 196,431 | \$ 196,431 |
| Land Improvements | 176,261 | 215,209 |
| Building and Improvements | 10,652,728 | 11,490,617 |
| Buses | 1,266,502 | 1,495,863 |
| Furniture and Equipment | 773,664 | 547,870 |
| Totals | <u>\$ 13,065,586</u> | <u>\$ 13,945,990</u> |

Overall capital assets decreased \$880,404 from fiscal year 2017 to fiscal year 2018. Increases in capital assets by purchase or construction were \$371,255. These additions were offset by depreciation expenses of \$1,251,659 for the year.

Debt Administration:

- At June 30, 2018, the District's outstanding debt was \$7,546,089 and included \$4,691,000 of general obligation bonds, \$680,819 in compensated absences and \$2,174,270 in capital leases. In addition, there was \$8,213,386 in Net Pension Liability. At June 30, 2018, the School District's overall legal debt margin was \$25,711,461 and the amount available in the debt margin for future borrowing \$21,020,461 or 82% of the total allowable amount.

Remaining outstanding debt at June 30, 2018 is as follows:

| Description | Date of Issue | Amount of Issue | Amount Outstanding June 30, 2018 |
|---|----------------------|------------------------|---|
| Construction of Additions and Other Improvements to Middle School | 5/1/1999 | \$ 6,950,000 | \$ 2,055,000 |
| 2011 Various Capital Expenditures | 12/18/2009 | 1,856,000 | 1,366,000 |
| 2013 Refunding Issue | 3/20/2013 | 1,805,000 | 1,270,000 |

For the Future

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

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

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

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

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 2,105,874 | \$ 227,408 | \$ 2,333,282 |
| Receivables, Net | 896,718 | 33,140 | 929,858 |
| Inventory | - | 9,950 | 9,950 |
| Restricted Assets: | | | |
| Capital Reserve Account - Cash | 2,761 | | 2,761 |
| Capital Assets, Net (Note 5) | 12,976,010 | 89,576 | 13,065,586 |
| Total Assets | 15,981,363 | 360,074 | 16,341,437 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred Pension Outflows | 2,234,423 | | 2,234,423 |
| Deferred Amounts on Refunding of Debt | 98,528 | | 98,528 |
| | 2,332,951 | | 2,332,951 |
| LIABILITIES | | | |
| Accounts Payable | 184,985 | 61,891 | 246,876 |
| Short-Term Loan Payable | 1,662,187 | | 1,662,187 |
| Accrued Interest Payable | 113,311 | | 113,311 |
| Unearned Revenue | 699,637 | 13,548 | 713,185 |
| Net Pension Liability | 8,213,386 | | 8,213,386 |
| Noncurrent Liabilities (Note 6): | | | |
| Due Within One Year | 1,581,601 | | 1,581,601 |
| Due Beyond One Year | 5,964,488 | | 5,964,488 |
| Total Liabilities | 18,419,595 | 75,439 | 18,495,034 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred Pension Inflows | 2,708,958 | | 2,708,958 |
| NET POSITION | | | |
| Invested in Capital Assets, Net of Related Debt | 6,110,740 | 89,576 | 6,200,316 |
| Restricted for: | | | |
| Capital Reserve | 2,761 | | 2,761 |
| Maintenance Reserve | 400,000 | | 400,000 |
| Excess Surplus | 97,512 | | 97,512 |
| Permanent Endowment - Nonexpendable | 93,863 | | 93,863 |
| Unrestricted (Deficit) | (9,519,115) | 195,059 | (9,324,056) |
| Total Net Position (Deficit) | \$ (2,814,239) | \$ 284,635 | \$ (2,529,604) |

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

PITTSBORO 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 | \$ 8,970,612 | \$ 469,291 | \$ 1,344,092 | \$ (7,157,229) | \$ | \$ (7,157,229) |
| Special Education | 2,458,914 | | | (2,458,914) | | (2,458,914) |
| Other Special Instruction | 192,246 | | | (192,246) | | (192,246) |
| Other Instruction | 454,021 | | | (454,021) | | (454,021) |
| Support Services: | | | | | | |
| Tuition | 1,287,032 | | | (1,287,032) | | (1,287,032) |
| Student & Instruction Related Services | 3,935,796 | | 779,094 | (3,156,702) | | (3,156,702) |
| School Administrative Services | 967,347 | | | (967,347) | | (967,347) |
| General and Business Admin. Services | 767,338 | 129,506 | | (637,832) | | (637,832) |
| Central Services and Information Tech. | 727,278 | 9,960 | | (717,318) | | (717,318) |
| Plant Operations and Maintenance | 2,513,883 | 43,045 | | (2,470,838) | | (2,470,838) |
| Pupil Transportation | 1,840,888 | 75,651 | | (1,765,237) | | (1,765,237) |
| Employee Benefits | 12,330,772 | | 3,645,096 | (8,685,676) | | (8,685,676) |
| Interest on Long-Term Debt | 269,958 | | | (269,958) | | (269,958) |
| Unallocated Depreciation | 1,205,035 | | | (1,205,035) | | (1,205,035) |
| Total Governmental Activities | 37,921,120 | 727,453 | 5,768,282 | (31,425,385) | | (31,425,385) |
| Business-Type Activities: | | | | | | |
| Food Service | 812,936 | 355,061 | 403,539 | | (54,336) | (54,336) |
| Child Care | 205,795 | 224,786 | | | 18,991 | 18,991 |
| Total Business-Type Activities | 1,018,731 | 579,847 | 403,539 | | (35,345) | (35,345) |
| Total Primary Government | \$ 38,939,851 | \$ 1,307,300 | \$ 6,171,821 | (31,425,385) | (35,345) | (31,460,730) |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes, Levied for General Purposes, Net | | | | 12,277,712 | | 12,277,712 |
| Taxes Levied for Debt Service | | | | 518,217 | | 518,217 |
| Federal and State Aid not Restricted | | | | 19,370,972 | | 19,370,972 |
| Tuition Received | | | | 32,303 | | 32,303 |
| Investment Earnings | | | | 10,747 | 893 | 11,640 |
| Miscellaneous Income | | | | 402,994 | | 402,994 |
| Transfer to Charter school | | | | (7,393) | | (7,393) |
| Total General Revenues, Special Items, Extraordinary Items and Transfers | | | | 32,605,552 | 893 | 32,606,445 |
| Change in Net Position | | | | 1,180,167 | (34,452) | 1,145,715 |
| Net Position—Beginning (Deficit) | | | | (3,994,406) | 319,087 | (3,675,319) |
| Net Position—Ending (Deficit) | | | | \$ (2,814,239) | \$ 284,635 | \$ (2,529,604) |

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

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

| | <u>General</u> | <u>Special</u> | <u>Permanent</u> | <u>Total</u> |
|--|---------------------|-------------------|------------------|---------------------|
| | <u>Fund</u> | <u>Revenue</u> | <u>Fund</u> | <u>Governmental</u> |
| | | <u>Fund</u> | | <u>Funds</u> |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 1,351,506 | \$ 138,571 | \$ 95,963 | \$ 1,586,040 |
| Due from Other Funds | 106,405 | | | 106,405 |
| District Tax Receivable - Elmer | 366,061 | | | 366,061 |
| State Aid Receivable | 270,227 | | | 270,227 |
| Federal Aid Receivable | | 135,322 | | 135,322 |
| Receivables from Other Governments | 18,372 | | | 18,372 |
| Other Accounts Receivable | | 6,290 | | 6,290 |
| Restricted Cash - Capital Reserve | 2,761 | | | 2,761 |
| Total Assets | \$ 2,115,332 | \$ 280,183 | \$ 95,963 | \$ 2,491,478 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 109,655 | \$ 67,732 | \$ 2,100 | \$ 179,487 |
| Short-Term Loan Payable | 1,485,435 | 176,752 | | 1,662,187 |
| Other Liabilities | 5,328 | | | 5,328 |
| Interfund Payable | 952 | 46,686 | | 47,638 |
| Unearned Revenue | | 146,012 | | 146,012 |
| Total Liabilities | 1,601,370 | 437,182 | 2,100 | 2,040,652 |
| Fund Balances: | | | | |
| Restricted: | | | | |
| Capital Reserve | 2,761 | | | 2,761 |
| Maintenance Reserve | 400,000 | | | 400,000 |
| Excess Surplus | 97,512 | | | 97,512 |
| Assigned: | | | | |
| Year-End Encumbrances | 490,444 | | | 490,444 |
| Deasignated for Subsequent Year's Expenditures | 225,000 | | | 225,000 |
| Permanent Fund | | | 93,863 | 93,863 |
| Unassigned, Reported In: | | | | |
| General Fund (Deficit) | (701,755) | (156,999) | | (858,754) |
| Total Fund Balances (Deficit) | 513,962 | (156,999) | 93,863 | 450,826 |
| Total Liabilities and Fund Balances | \$ 2,115,332 | \$ 280,183 | \$ 95,963 | |

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 \$40,352,325 and the accumulated depreciation is \$27,376,315 (See Note 5). | 12,976,010 |
| Deferred Outflow of Resources - Deferred Pension Contribution. | 98,528 |
| Deferred Inflows of Resources - Pension Actuarial Gains. | 2,234,423 |
| Deferred Inflows of Resources - Employer Pension | (2,708,958) |
| Long Term Net Pension Liability | (8,213,386) |
| Accrued interest is not payable within the current year and therefore, not reported in the funds. | (113,311) |
| Internal Service Fund - Reserve for Encumbrances | 7,718 |
| 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). | (7,546,089) |
| Net Position of Governmental Activities (Deficit) | \$ (2,814,239) |

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

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Permanent Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|----------------------------------|---------------------------|---|
| REVENUES | | | | | |
| Local sources: | | | | | |
| Local Tax Levy | \$ 12,277,712 | | \$ 518,217 | | \$ 12,795,929 |
| Tuition Charges - LEA's | 32,303 | | | | 32,303 |
| Interest Earned | 10,465 | | | 282 | 10,747 |
| Miscellaneous | 368,432 | 30,562 | | 4,000 | 402,994 |
| Total - Local Sources | 12,688,912 | 30,562 | 518,217 | 4,282 | 13,241,973 |
| State Sources | 19,270,303 | 1,279,253 | 258,411 | | 20,807,967 |
| Federal Sources | 22,889 | 842,491 | | | 865,380 |
| Total Revenues | 31,982,104 | 2,152,306 | 776,628 | 4,282 | 34,915,320 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Regular Instruction | 7,340,413 | 1,344,092 | | | 8,684,505 |
| Special Education Instruction | 2,458,914 | | | | 2,458,914 |
| Other Special Instruction | 192,246 | | | | 192,246 |
| Other Instruction | 454,021 | | | | 454,021 |
| Support Services: | | | | | |
| Tuition | 1,287,032 | | | | 1,287,032 |
| Student & Instruction Related Services | 3,126,050 | 779,094 | | 2,100 | 3,907,244 |
| General Administrative Services | 601,472 | | | | 601,472 |
| School Administrative Services | 967,347 | | | | 967,347 |
| Central Services and Information Technology | 677,155 | | | | 677,155 |
| Plant Operations and Maintenance | 2,510,690 | | | | 2,510,690 |
| Pupil Transportation | 2,125,561 | | | | 2,125,561 |
| Employee Benefits | 8,724,711 | 179,189 | | | 8,903,900 |
| Debt Service: | | | | | |
| Principal | | | 580,000 | | 580,000 |
| Interest and Other Charges | | | 196,628 | | 196,628 |
| Capital Outlay | 720,232 | | | | 720,232 |
| Total Expenditures | 31,185,844 | 2,302,375 | 776,628 | 2,100 | 34,266,947 |
| Excess (Deficiency) of Revenues over Expenditures | 796,260 | (150,069) | | 2,182 | 648,373 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer to Charter School | (20,234) | | | | (20,234) |
| Proceeds from Capital Leases | 312,509 | | | | 312,509 |
| Total Other Financing Sources and Uses | 292,275 | | | | 292,275 |
| Net Change in Fund Balances | 1,088,535 | (150,069) | | 2,182 | 940,648 |
| Fund Balance—July 1 (Deficit) | (574,573) | (6,930) | | 91,681 | (489,822) |
| Fund Balance—June 30 (Deficit) | \$ 513,962 | \$ (156,999) | \$ | \$ 93,863 | \$ 450,826 |

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 940,648

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

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

| | | | |
|--|--|-------------|---------|
| | Depreciation Expense \$ | (1,245,579) | |
| | Capital Lease Principal paid in Operating Budget | 1,191,094 | |
| | Capital Outlays | 368,803 | |
| | | 314,318 | 314,318 |

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and differed inflows/outflows related to pension changed during the period. 33,001

Proceeds from Capital Leases is not a revenue in the Statement of Activities (681,457)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 580,000

Increase in Compensated Absences is not considered an expense in the fund statements. 6,034

In the Statement of Activities, interest on long-term debt is accrued, regardless of when it is due. In the governmental funds, interest is charged when payment is due. 17,587

In the Statement of Activities, Deferred Debt Refinancing costs are amortized over the life of the Debt. However, in the governmental fund, no expenditures are incurred. (37,657)

Internal Service Fund - Decrease in Reserve for Encumbrances 7,693

Change in Net Position of Governmental Activities (See A-2) **\$ 1,180,167**

PROPRIETARY FUNDS

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

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Fund |
|---|--|-------------------------|-------------------|--|
| | Food Service | SACC Program | Totals | |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 118,366 | \$ 108,090 | \$ 226,456 | \$ 461,484 |
| Accounts Receivable | 25,425 | 7,715 | 33,140 | 100,442 |
| Interfund Receivable | | 952 | 952 | 50,393 |
| Inventories | 9,950 | | 9,950 | |
| Total Current Assets | 153,741 | 116,757 | 270,498 | 612,319 |
| Noncurrent Assets: | | | | |
| Furniture, Machinery & Equipment | 312,225 | | 312,225 | |
| Less Accumulated Depreciation | (222,649) | | (222,649) | |
| Total Noncurrent Assets | 89,576 | | 89,576 | |
| Total Assets | 243,317 | 116,757 | 360,074 | 612,319 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 59,302 | 2,589 | 61,891 | 170 |
| Interfund Payable | | | | 50,806 |
| Unearned Revenue | 13,063 | 485 | 13,548 | 553,625 |
| Total Liabilities | 72,365 | 3,074 | 75,439 | 604,601 |
| NET POSITION | | | | |
| Invested in Capital Assets Net of Related Debt | 89,576 | | 89,576 | |
| Assigned to: | | | | |
| Encumbrances | | | | 7,718 |
| Unrestricted | 81,376 | 113,683 | 195,059 | |
| Total Net Position | \$ 170,952 | \$ 113,683 | \$ 284,635 | \$ 7,718 |

PITTSBORO 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 - Enterprise Fund | | | Governmental Activities - Internal Service Fund |
|--|---|-------------------------|-----------------------------|--|
| | Food Service | SACC Program | Total Enterprise | |
| Operating Revenues: | | | | |
| Charges for Services: | | | | |
| Daily Sales - Reimbursable Programs | \$ 208,343 | \$ | \$ 208,343 | \$ |
| Daily Sales - Non-reimbursable Programs | 109,656 | | 109,656 | |
| Special Functions | 37,062 | | 37,062 | |
| Service Charges | | 224,786 | 224,786 | 727,453 |
| Total Operating Revenues | 355,061 | 224,786 | 579,847 | 727,453 |
| Operating Expenses: | | | | |
| Cost of Sales - Reimbursable Programs | 258,554 | | 258,554 | |
| Cost of Sales - Non-Reimbursable Programs | 52,867 | | 52,867 | |
| Salaries | 223,771 | 154,238 | 378,009 | 584,615 |
| Employee Benefits | 39,955 | 12,335 | 52,290 | 5,795 |
| Equipment | | | | - |
| Purchased Professional/ Technical Services | | | | 13,126 |
| Other Purchased Services | | | | 8,375 |
| Supplies and Materials | 42,412 | | 42,412 | 84,964 |
| Management Fees | 59,044 | | 59,044 | |
| Insurance | 18,691 | | 18,691 | |
| Miscellaneous Other Costs | 111,562 | 39,222 | 150,784 | 35,726 |
| Depreciation | 6,080 | | 6,080 | |
| Total Operating Expenses | 812,936 | 205,795 | 1,018,731 | 732,601 |
| Operating Income (loss) | (457,875) | 18,991 | (438,884) | (5,148) |
| Non-operating Revenues (Expenses): | | | | |
| State Sources: | | | | |
| State School Lunch Program | 7,201 | | 7,201 | |
| Federal Sources: | | | | |
| National School Lunch Program | 254,588 | | 254,588 | |
| National School Breakfast Program | 82,862 | | 82,862 | |
| Special Milk Program | 75 | | 75 | |
| Food Distribution Program | 58,813 | | 58,813 | |
| Transfer to Unearned Revenue | | | | 12,841 |
| Interest and Miscellaneous Items | 602 | 291 | 893 | |
| Total Non-operating Revenues (Expenses) | 404,141 | 291 | 404,432 | 12,841 |
| Income (Loss) before Contributions & Transfers | (53,734) | 19,282 | (34,452) | 7,693 |
| Change in Net Position | (53,734) | 19,282 | (34,452) | 7,693 |
| Total Net Position—Beginning | 224,686 | 94,401 | 319,087 | 25 |
| Total Net Position—Ending | \$ 170,952 | \$ 113,683 | \$ 284,635 | \$ 7,718 |

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

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

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Fund |
|---|--|-----------------|---------------------|---|
| | Food Service | SACC Program | Total Enterprise | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 355,061 | \$ 224,786 | \$ 579,847 | \$ 727,453 |
| Payments to employees | (223,771) | (154,238) | (378,009) | (624,928) |
| Payments for employee benefits | (39,955) | (12,335) | (52,290) | (5,795) |
| Payments to suppliers | (447,985) | (39,846) | (487,831) | (184,563) |
| Net cash provided by (used for) operating activities | (356,650) | 18,367 | (338,283) | (87,833) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| State Sources | 7,201 | | 7,201 | |
| Federal Sources | 337,525 | | 337,525 | |
| Transfer to Unearned Revenue | | | | (15,711) |
| Net cash provided by (used for) non-capital financing activities | 344,726 | | 344,726 | (15,711) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchases of capital assets | (2,452) | | (2,452) | |
| Net cash provided by (used for) capital and related financing activities | (2,452) | | (2,452) | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest and dividends | 602 | 291 | 893 | |
| Proceeds from sale/maturities of investments | | | | |
| Net cash provided by (used for) investing activities | 602 | 291 | 893 | |
| Net increase (decrease) in cash and cash equivalents | (13,774) | 18,658 | 4,884 | (103,544) |
| Balances—beginning of year | 132,140 | 89,432 | 221,572 | 565,028 |
| Balances—end of year | \$ 118,366 | \$ 108,090 | \$ 226,456 | \$ 461,484 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ (457,875) | \$ 18,991 | \$ (438,884) | \$ (5,148) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation | 6,080 | | 6,080 | |
| Federal commodities | 58,813 | | 58,813 | |
| (Increase) decrease in accounts receivable, net | (3,824) | (2,746) | (6,570) | 15,209 |
| (Increase) decrease in interfund receivable | | (952) | (952) | (2,490) |
| (Increase) decrease in inventories | 5,986 | | 5,986 | 52,978 |
| Increase (decrease) in accounts payable | (29,584) | 2,589 | (26,995) | (708) |
| Increase (decrease) in unearned revenue | 4,452 | 485 | 4,937 | (98,548) |
| Increase (decrease) in interfunfs payable | 59,302 | | 59,302 | 2,490 |
| Increase (decrease) in other liabilities | | | | (51,616) |
| Increase (decrease) in compensated absences | | | | |
| Total adjustments | 101,225 | (624) | 100,601 | (82,685) |
| Net cash provided by (used for) operating activities | \$ (356,650) | \$ 18,367 | \$ (338,283) | \$ (87,833) |

FIDUCIARY FUNDS

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

| | <u>Private Purpose Scholarship Fund</u> | <u>Agency Fund</u> |
|-------------------------------------|--|-------------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 95,963 | \$ 188,008 |
| Total Assets | <u>95,963</u> | <u>188,008</u> |
| LIABILITIES | | |
| Accounts Payable | 2,100 | |
| Due to Student Groups | | 154,235 |
| Payroll Deductions and Withholdings | | 33,769 |
| Due to General | | 4 |
| Total Liabilities | <u>2,100</u> | <u>\$ 188,008</u> |
| NET POSITION | | |
| Reserved for Scholarships | <u>\$ 93,863</u> | |

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

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

| | <u>Private Purpose Scholarship Fund</u> |
|------------------------------------|--|
| ADDITIONS | |
| Investment Earnings: | |
| Contributions | \$ 4,000 |
| Interest | 282 |
| | <hr/> |
| Total Additions | 4,282 |
| DEDUCTIONS | |
| Scholarships Awarded | 2,100 |
| | <hr/> |
| Change in Net Position | 2,182 |
| Net Position—Beginning of the Year | 91,681 |
| | <hr/> |
| Net Position—End of the Year | \$ 93,863 |
| | <hr/> <hr/> |

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

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

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

A. Reporting Entity:

The Pittsgrove Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms and one sending district member appointed annually. The purpose of the district is to educate students in grades K-12. The School District had an approximate enrollment at June 30, 2018 of 1,745 students.

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

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

New Accounting Standards (Continued):

The School District has adopted the following GASB statements:

- GASB No. 85 - *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 85 is not expected to impact the financial statements of the School District.
- GASB No. 86 - *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 86 is not expected to impact the financial statements of the School District.

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.

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

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

New Accounting Standards (Continued):

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

- 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.

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

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

New Accounting Standards (Continued):

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

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

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

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

A. Basis of Presentation:

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

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

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

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

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

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

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

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

B. Fund Accounting:

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

GOVERNMENTAL FUND TYPE

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

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

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

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

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

B. Fund Accounting (Continued):

PROPRIETARY FUND TYPE

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

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

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

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

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

| | |
|--------------------|------------|
| Food Service Fund: | |
| Equipment | 7-20 Years |

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

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

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

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

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

B. Fund Accounting (Continued):

FIDUCIARY FUND TYPE

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

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

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

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

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

C. Basis of Accounting and Measurement Focus:

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

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

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

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

C. Basis of Accounting and Measurement Focus (Continued):

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

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

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

D. Budgets/Budgetary Control:

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

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

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

D. Budgets/Budgetary Control (Continued):

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

E. Encumbrances:

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

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

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

F. Tuition Receivable:

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

G. Tuition Payable:

Tuition charges for the fiscal years 2017-18, 2016-17, and 2015-16 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Inventories and Prepaid Expenses:

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

On district-wide financial statements and in the Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

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

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

I. Short -Term Interfund Receivables/Payables:

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

J. Assets, Liabilities and Equity:

Transactions

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

Inventories

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. Of the \$9,951 in inventory reflected as of June 30, 2018, Federal Commodity Food represents \$2,872. Per agreement with the management service company, supply and purchased food inventory is owned by the management company. Supply and purchased food consumed by the District is billed to the District in the period consumed. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

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

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

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

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

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

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

K. Compensated Absences:

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

L. Unearned Revenue:

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

M. Bond and Lease Acquisition Costs:

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

N. Operating Revenues and Expenses:

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

O. Allocation of Indirect Expenses:

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

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

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

P. Extraordinary and Special Items:

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

Q. Accrued Liabilities and Long-term Obligations:

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

R. Fund Equity:

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

S. Comparative Data/Reclassifications:

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

T. Management Estimates:

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

U. Net Position:

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

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

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

V. Fund Balance Reserves:

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

W. Revenues – Exchange and Non-exchange Transactions:

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

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2018, the District had \$275,862 on deposit with the New Jersey Cash Management.

Deposits:

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

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

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

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

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

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

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

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

| | Cash and Cash Equivalents |
|---------------------------|--------------------------------------|
| Checking Accounts | \$ 3,167,405 |
| N.J. Cash Management Fund | 275,862 |
| | <u>\$ 3,443,267</u> |

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

GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. The District does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2018, the District's bank balance of \$3,443,267 was insured or collateralized as follows:

| | |
|--|---------------------|
| Insured | \$ 500,000 |
| Uninsured and collateralized under GUDPA by pledging financial institutions | <u>2,943,267</u> |
| | <u>\$ 3,443,267</u> |

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

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

New Jersey Cash Management Fund – During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2018, the District had \$275,862 on deposit with the New Jersey Cash Management Fund.

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

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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 | \$ 2,751 |
| Interest Earnings | 10 |
| Ending Balance June 30, 2018 | <u>\$ 2,761</u> |

The June 30, 2018 balance in the Capital Reserve Account is within the maximum balance per the districts' LRFP. There was no withdrawal from the account during the school year ended June 30, 2018.

NOTE 5. TAX ABATEMENT

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

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

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

NOTE 6. CAPITAL ASSETS

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

| | <u>Balance</u> <u>7/1/2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>6/30/2018</u> |
|--|-----------------------------------|---------------------|------------------|------------------------------------|
| Governmental activities: | | | | |
| Capital Assets That Are Not Being Depreciated: | | | | |
| Land | \$ 196,431 | \$ | \$ | \$ 196,431 |
| Construction in progress | | | | |
| Total capital assets not being depreciated | <u>196,431</u> | | | <u>196,431</u> |
| Land improvements | 2,189,895 | | | 2,189,895 |
| Building and building improvements | 26,952,937 | 12,936 | | 26,965,873 |
| Buses | 3,346,893 | | | 3,346,893 |
| Furniture and equipment | 7,297,366 | 355,867 | | 7,653,233 |
| Totals at historical cost | <u>39,787,091</u> | <u>368,803</u> | | <u>40,155,894</u> |
| Less accumulated depreciation for : | | | | |
| Land improvements | (1,974,686) | (38,948) | | (2,013,634) |
| Building and improvements | (15,462,320) | (850,825) | | (16,313,145) |
| Buses | (1,851,030) | (229,361) | | (2,080,391) |
| Furniture and Equipment | (6,842,700) | (126,445) | | (6,969,145) |
| Total accumulated depreciation | <u>(26,130,736)</u> | <u>(1,245,579)</u> | | <u>(27,376,315)</u> |
| Total capital assets being depreciated, net of accumulated depreciation | <u>13,656,355</u> | <u>(876,776)</u> | | <u>12,779,579</u> |
| Government activities capital assets, net | <u>\$ 13,852,786</u> | <u>\$ (876,776)</u> | <u>\$</u> | <u>\$ 12,976,010</u> |
| | To A-1 | | | To A-1 |
| Business-type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Equipment | \$ 309,773 | \$ 2,452 | \$ | \$ 312,225 |
| Less accumulated depreciation for : | | | | |
| Equipment | (216,569) | (6,080) | | (222,649) |
| Business-type activities capital assets, net | <u>\$ 93,204</u> | <u>\$ (3,628)</u> | <u>\$</u> | <u>\$ 89,576</u> |

* Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|---------------------|
| Instructional | \$ 38,722 |
| Administration | 1,822 |
| Unallocated Depreciation | 1,205,035 |
| Total depreciation expense | <u>\$ 1,245,579</u> |

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

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2018 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts Due within One Year</u> | <u>Long-term Portion</u> |
|----------------------------------|------------------------------|------------------|-------------------|---------------------------|--|------------------------------|
| Governmental Activities: | | | | | | |
| Bonds payable: | | | | | | |
| General obligation debt | \$ 5,271,000 | \$ | \$ (580,000) | \$ 4,691,000 | \$ 595,000 | \$ 4,096,000 |
| Total bonds payable | | | (580,000) | 4,691,000 | 595,000 | 4,096,000 |
| Other Liabilities: | | | | | | |
| Obligations under capital lease | 2,672,443 | 323,973 | (822,146) | 2,174,270 | 822,974 | 1,351,296 |
| Compensated absences payable | 686,853 | | (6,034) | 680,819 | 163,626 | 517,193 |
| Total liabilities | \$ 8,630,296 | \$ 323,973 | \$ (1,408,180) | \$ 7,546,089 | \$ 1,581,600 | \$ 5,964,489 |
| Business-Type Activities: | | | | | | |
| Compensated absences payable | \$ | \$ | \$ | \$ | \$ | \$ |

A. Bonds Payable - Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are general obligation bonds, retired in serial installments within the statutory period of usefulness. On May 21, 2009 the Board of Education Advance-Refunded the 1999 Bond Issue in the amount of \$4,850,000 in refunding bonds at various interest rates per redemption batch, from 3% to 4.25%. The balance of these bonds is \$2,055,000 as of June 30, 2018.

The District was awarded state grant funding for various capital projects for renovations and improvements to the Olivet elementary school, Middle school and A. P. Schalick High School, of which a bond referendum was held on September 29, 2009 to seek voter approval for the District's matching share of \$1,856,000. Voter approval was achieved and accordingly, bonds were issued with interest rates ranging from 3.5% to 4%. The balance of these bonds is \$1,366,000, as of June 30, 2018.

On March 20, 2013, the District issued bonds to refund a prior bond issue for various school improvements in the amount of \$1,805,000, of which the balance at June 30, 2018 is \$1,270,000.

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

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 595,000 | \$ 172,928 | \$ 767,928 |
| 2020 | 605,000 | 148,753 | 753,753 |
| 2021 | 640,000 | 125,496 | 765,496 |
| 2022 | 655,000 | 101,009 | 756,009 |
| 2023 | 675,000 | 75,753 | 750,753 |
| 2024 | 730,000 | 49,809 | 779,809 |
| 2025 | 410,000 | 29,240 | 439,240 |
| 2026 | 185,000 | 15,240 | 200,240 |
| 2027 | 196,000 | 7,836 | 203,836 |
| | <u>\$ 4,691,000</u> | <u>\$ 726,064</u> | <u>\$ 5,417,064</u> |

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

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

C. Capital Leases - The District is leasing Buses, Computers, Kitchen Renovations, Smartboards, a Truck, an Energy Retrofit, a New Roof and various other items under capital leases. The district issued \$312,509 in a new capital lease during the 2017-18 school-year for an HVAC cooling tower and technology equipment. In accordance with GASB Statement No. 65, the associated debt issue costs were expensed on the Statement of Activities. On August 4, 2017, the School District elected to refinance one of its capital leases for five school buses, which reduced the interest rate from 2.05% to 2.01% at a premium of \$11,464. The premium will be reflected in the deferred outflow of resources section of the Statement of Net Position and amortized over seven years. The following is a schedule of the future minimum lease payments for capital leases at June 30, 2018:

| Year ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 822,975 | \$ 44,872 | \$ 867,847 |
| 2020 | 446,514 | 25,988 | 472,502 |
| 2021 | 396,126 | 17,522 | 413,648 |
| 2022 | 255,737 | 9,743 | 265,480 |
| 2023 | 138,770 | 5,150 | 143,920 |
| 2024 | 56,507 | 2,294 | 58,801 |
| 2025 | 57,643 | 1,159 | 58,802 |
| | <u>\$ 2,174,272</u> | <u>\$ 106,728</u> | <u>\$ 2,281,000</u> |

Subsequent to June 30, 2018, the District approved two additional Capital Leases, totaling \$431,748, for technology equipment and busses. The following is a schedule of the future minimum lease payments under all capital leases at June 30, 2018.

| Year ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 914,305 | \$ 45,277 | \$ 959,582 |
| 2020 | 527,799 | 36,439 | 564,238 |
| 2021 | 479,906 | 25,478 | 505,384 |
| 2022 | 342,089 | 15,127 | 357,216 |
| 2023 | 227,772 | 7,882 | 235,654 |
| 2024 | 56,507 | 2,294 | 58,801 |
| 2025 | 57,643 | 1,159 | 58,802 |
| | <u>\$ 2,606,021</u> | <u>\$ 133,656</u> | <u>\$ 2,739,677</u> |

D. Bonds Authorized but Not Issued - As of June 30, 2018 the District had no authorized but not issued bonds.

NOTE 8. MAINTENANCE RESERVE

A Maintenance Reserve may be established by New Jersey school districts for the accumulation of funds for use to fund certain expenditures in the operating budget. A transfer was made to this reserve during the year in the amount of \$400,000, which represents the balance in the maintenance reserve at June 30, 2018.

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

NOTE 9. PENSION PLANS

Description of Plans - All required employees of the School District are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. For additional information about PERS or TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The following represents the membership tiers for PERS and TPAF:

| 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 \$330,384 and \$335,357 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.

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

NOTE 9. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

The total payroll for the year ended June 30, 2018 was \$16,707,577. Payroll covered by PERS was \$2,213,805 for fiscal year 2018. Contributions to the system for the year ended June 30, 2018 were as follows:

| | <u>PERS</u> |
|-----------|-------------------|
| Employees | \$ 162,493 |
| District | <u>330,384</u> |
| Total | \$ <u>492,877</u> |

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

| Public Employees Retirement System | | | | | |
|---|----------------------------|--------------------------|------------------------|------------------------|-------------------------|
| <u>Fiscal Year</u> | <u>Normal Contribution</u> | <u>Accrued Liability</u> | <u>Total Liability</u> | <u>Funded by State</u> | <u>Paid by District</u> |
| 2018 | \$ 43,022 | \$ 267,908 | \$ 330,384 | N/A | \$ 330,384 |

Components of Net Pension Liability - At June 30, 2018, the District's proportionate share of the PERS net pension liability was \$8,213,386. 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 0.035283% which was a decrease of 0.00234% 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 \$288,885. 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 | \$ 193,397 | \$ |
| Changes of assumptions | 1,654,714 | 1,648,648 |
| Net difference between projected and actual earnings on pension plan investments | 55,928 | |
| Changes in proportion | | 1,060,310 |
| Contributions subsequent to the measurement date | <u>330,384</u> | |
| Total | \$ <u>2,234,423</u> | \$ <u>2,708,958</u> |

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

NOTE 9. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

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

| Year | PERS |
|------------|--------------|
| 2018 | \$ (228,015) |
| 2019 | (75,641) |
| 2020 | (98,842) |
| 2021 | (365,707) |
| 2022 | (36,714) |
| Thereafter | |
| Total | \$ (804,919) |

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 | \$ 2,234,423 | \$ 3,275,422 |
| Collective deferred inflows of resources | \$ 2,708,958 | \$ 854,436 |
| Collective Net Pension Liability | \$ 8,213,386 | \$ 11,141,908 |
| District's Proportion | 0.035283% | 0.037620% |

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:

| | PERS |
|------------------------------|---------------|
| 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.

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

NOTE 9. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

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.

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 | <u>100.00%</u> | |

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

NOTE 9. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

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.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

| | 1% Decrease (4.00%) | Current Discount (5.00%) | 1% Increase (6.00%) |
|--|---------------------------|--------------------------------|---------------------------|
| District's proportionate share of the net pension liability | \$ 10,189,263 | \$ 8,213,386 | \$ 6,567,236 |

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.

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

NOTE 9. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

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.

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

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

| <u>Year</u> <u>Funding</u> | <u>Annual</u> <u>Pension</u> <u>Cost (APC)</u> | <u>Percentage</u> <u>of APC</u> <u>Contributed</u> | <u>Net</u> <u>Pension</u> <u>Obligation</u> |
|---|---|---|--|
| 6/30/18 | \$ 1,730,468 | 100 % | \$ N/A |
| 6/30/17 | 1,976,381 | 100 | N/A |
| 6/30/16 | 1,976,381 | 100 | N/A |

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$1,730,468 to the TPAF for pension contributions, \$1,117,673 for post-retirement benefits on behalf of the School, and \$2,898 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$887,899 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.

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

NOTE 9. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

Pension Expense - For the year ended June 30, 2018, the District recognized pension expense of \$5,196,375 and revenue of \$5,196,375 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% |

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:

| | TPAF | |
|-----------------------------------|--------------------------|---|
| Asset Class | 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% | |

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

NOTE 9. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

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.

NOTE 10. 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.

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

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

General Information about the OPEB Plan (Continued)

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.

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 \$74,937,115. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.13970%. 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.

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

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Total Nonemployer OPEB Liability

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

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

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

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

Health Care Trend Assumptions

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

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.

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

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|---------------------------------|
| Balance as of June 30, 2016 Measurement Date | \$ <u>81,306,596</u> |
| Changes for the year: | |
| Service cost | 2,859,605 |
| Interest cost | 2,375,081 |
| Changes of benefit terms | |
| Differences between expected and actual experience | |
| Changes in assumptions or other inputs | (9,932,378) |
| Member contributions | 63,913 |
| Gross benefit payments | <u>(1,735,702)</u> |
| Net changes | <u>(6,369,481)</u> |
| Balance as of June 30, 2017 Measurement Date | \$ <u>74,937,115</u> |

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 |

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

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

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

For the year ended June 30, 2018, the School District recognized OPEB expense of \$4,148,550. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ | \$ |
| Changes of assumptions | | 8,862,512 |
| Net difference between projected and actual earnings on OPEB plan investments | | |
| Changes in proportion | | 405,488 |
| Contributions subsequent to the measurement date | | |
| Total | \$ | \$ 9,268,000 |

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.

| <u>Measurement Period Ending June 30,</u> | <u>OPEB</u> |
|---|---------------------|
| 2018 | \$ 928,984 |
| 2019 | 928,984 |
| 2020 | 928,984 |
| 2021 | 928,984 |
| 2022 | 928,984 |
| Thereafter | <u>3,288,605</u> |
| Total | \$ <u>7,933,525</u> |

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.

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

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 during the year ended June 30, 2018 were Copeland, Lincoln, and ING.

NOTE 12. COMPENSATED ABSENCES

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve month are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School district employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may be accumulated and carried forward by certain employees. Benefits paid in any future year will be calculated according to formulas outlined in the school districts' agreements with the various employee unions and included in the current year's budget. The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, the estimated liability for compensated absences in the Governmental Activities was \$680,819, of which \$163,626 is due within one year.

NOTE 13. TAX ANTICIPATION LOAN

As a result of the delay in the last two state aid revenue receipts, two loans were taken out in the amount of \$1,662,187 and paid off in July, 2018, with an interest rate of 4.50% reimbursed from the state.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018:

| Fund | Interfund Receivable | Interfund Payable |
|-----------------------|---------------------------------|------------------------------|
| General Fund | \$ 106,405 | \$ 952 |
| Special Revenue Fund | | 46,686 |
| Enterprise Fund | 952 | 59,302 |
| Internal Service Fund | 50,393 | 50,806 |
| Payroll Agency | | 4 |
| Total | <u>\$ 157,750</u> | <u>\$ 157,750</u> |

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

NOTE 15. RISK MANAGEMENT

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

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

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

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

| <u>Fiscal Year</u> | <u>District Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|-------------------------------|-------------------------------|--------------------------|-----------------------|
| 2017-2018 | \$ 65,848 | \$ 39,978 | \$ 105,826 | \$ 0 |
| 2016-2017 | 67,085 | 35,933 | 103,018 | 0 |
| 2015-2016 | 64,336 | 36,987 | 101,323 | 0 |

NOTE 16. LITIGATION

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

NOTE 17. RECEIVABLES

Receivables 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.

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

| <u>Receivables:</u> | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Enterprise Funds</u> | <u>Internal Service Fund</u> | <u>Total</u> |
|---------------------|---------------------|-----------------------------|-------------------------|------------------------------|--------------|
| Governmental | \$ 654,660 | \$ 135,322 | \$ 24,934 | \$ 95,948 | \$ 910,864 |
| Other | | 6,290 | 8,206 | 4,494 | 18,990 |
| Totals | \$ 654,660 | \$ 141,612 | \$ 33,140 | \$ 100,442 | \$ 929,854 |

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

NOTE 18. FUND BALANCE APPROPRIATED

General Fund - Of the (\$513,962) General Fund balance at June 30, 2018, \$490,444 is assigned for encumbrances; \$97,512 is restricted as excess surplus in accordance with *N.J.S.A. 118A:7F-7*; \$2,761 has been restricted in the Capital Reserve Account; \$400,000 has been restricted in the Maintenance Reserve Account; \$225,000 has been assigned, appropriated and included as anticipated revenue for the year ending June 30, 2018 and the net result is a deficit of (\$701,755) in unassigned and unrestricted fund balance.

NOTE 19. CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the N J School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus of \$97,512 is to be appropriated in the 2018-19 budget.

NOTE 20. DEFICIT FUND BALANCES

The District has a deficit fund balance in the General Fund of (\$701,755) and a deficit of (\$156,999) in the Special Revenue Fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable.

Due to the timing difference of recording the last state aid payment, the Special Revenue Fund does not alone indicate that the district is facing financial difficulties. Pursuant to *N.J.S.A. 18A:22-44.2* any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP General Fund statements of \$701,755 is less than the last two state payments. The District deficit in the GAAP Special Revenue fund statement of \$156,999 is equal to the last two state aid payments.

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

NOTE 21. OPERATING LEASES

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

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| 2019 | \$ 120,708 |
| 2020 | 120,708 |
| 2021 | 120,708 |
| 2022 | 120,708 |
| 2023 | 120,708 |
| Total | <u>\$ 603,540</u> |

NOTE 22. MERGER WITH THE ELMER SCHOOL DISTRICT

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual Favorable (Unfavorable)</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------------|---|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 10,492,481 | \$ 1,785,231 | \$ 12,277,712 | \$ 12,277,712 | \$ |
| Tuition - Other LEA's | 3,183,986 | (3,096,757) | 87,229 | 32,303 | (54,926) |
| Interest Earned on Deposits | | | | 10,455 | 10,455 |
| Interest Earned on Capital Reserve Funds | 10 | | 10 | 10 | |
| Miscellaneous | 180,000 | 10,000 | 190,000 | 368,432 | 178,432 |
| Total Local Sources | 13,856,477 | (1,301,526) | 12,554,951 | 12,688,912 | 133,961 |
| State Sources: | | | | | |
| Equalization Aid | 10,418,547 | 1,358,273 | 11,776,820 | 11,788,354 | 11,534 |
| Categorical Transportation Aid | 727,339 | 82,686 | 810,025 | 810,025 | |
| Special Education Categorical Aid | 849,160 | 130,029 | 979,189 | 979,189 | |
| Categorical Security Aid | 230,429 | 26,788 | 257,217 | 257,217 | |
| Adjustment Aid | 12,502 | | 12,502 | 12,502 | |
| Supplemental Enrollment Growth Aid | | 282,321 | 282,321 | 282,321 | |
| Under Adequacy Aid | | 5,492 | 5,492 | 5,492 | |
| Additional Adjustment Aid | 3,317 | | 3,317 | 3,317 | |
| School Choice Aid | 1,263,968 | | 1,263,968 | 1,263,968 | |
| PARCC Readiness Aid | 14,560 | 2,230 | 16,790 | 16,790 | |
| Per Pupil Growth Aid | 14,560 | 2,230 | 16,790 | 16,790 | |
| Professional Learning Community Aid | 14,345 | 2,060 | 16,405 | 16,405 | |
| Other State Aids: | | | | | |
| Extraordinary Aid | | | | 243,055 | 243,055 |
| Non-Public Transportation Aid | | | | 17,690 | 17,690 |
| Homeless Tuition | | | | 9,482 | 9,482 |
| TPAF Pension (On-Behalf - Non-Budgeted) | | | | 1,730,468 | 1,730,468 |
| TPAF Post Retirement-Medical (On-Behalf - Non-Budgeted) | | | | 1,117,673 | 1,117,673 |
| TPAF Long-term Disability Contrib. (On-behalf) | | | | 2,898 | 2,898 |
| TPAF Social Security (Reimbursed - Non-Budgeted) | | | | 887,899 | 887,899 |
| Total State Sources | 13,548,727 | 1,892,109 | 15,440,836 | 19,461,535 | 4,020,699 |
| Federal Sources: | | | | | |
| Medicaid Program - SEMI | 32,812 | | 32,812 | 22,889 | (9,923) |
| Total Federal Sources | 32,812 | | 32,812 | 22,889 | (9,923) |
| Total Revenues | \$ 27,438,016 | \$ 590,583 | \$ 28,028,599 | \$ 32,173,336 | \$ 4,144,737 |
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction | | | | | |
| Preschool - Salaries of Teachers | \$ | \$ 41,862 | \$ 41,862 | \$ 41,670 | \$ 192 |
| Kindergarten - Salaries of Teachers | 336,818 | 5,243 | 342,061 | 341,312 | 749 |
| Grades 1-5 - Salaries of Teachers | 2,056,944 | 229,662 | 2,286,606 | 2,285,747 | 859 |
| Grades 6-8 - Salaries of Teachers | 1,487,576 | (113,313) | 1,374,263 | 1,374,263 | |
| Grades 9-12 - Salaries of Teachers | 2,222,364 | 79,817 | 2,302,181 | 2,301,738 | 443 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 17,350 | 27,034 | 44,384 | 44,171 | 213 |
| Purchased Professional-Educational Services | 49,320 | (12,435) | 36,885 | 36,885 | |
| Other Purchased Services (400-500 series) | | 952 | 952 | 842 | 110 |
| General Supplies | | 350 | 350 | 243 | 107 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Purchased Professional-Educational Services | 252,858 | 20,223 | 273,081 | 251,287 | 21,794 |
| Purchased Technical Services | 55,865 | (300) | 55,565 | 55,565 | |
| Other Purchased Services (400-500 series) | 323,602 | 223 | 323,825 | 307,984 | 15,841 |
| General Supplies | 213,702 | 102,737 | 316,439 | 284,412 | 32,027 |
| Textbooks | 42,400 | (29,465) | 12,935 | 10,126 | 2,809 |
| Other Objects | 4,680 | 2,092 | 6,772 | 4,168 | 2,604 |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | 7,063,479 | 354,682 | 7,418,161 | 7,340,413 | 77,748 |
| SPECIAL EDUCATION - INSTRUCTION | | | | | |
| Learning and/or Language Disabilities: | | | | | |
| General Supplies | | | | | |
| Total Learning and/or Language Disabilities | | | | | |

**PITTSBURGH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL 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 Final to Actual Favorable (Unfavorable)</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|---|
| Behavioral Disabilities: | | | | | |
| Salaries of Teachers | \$ 162,626 | \$ 3,651 | \$ 166,277 | \$ 166,277 | |
| Purchased Professional-Educational Services | 67,081 | 1,064 | 68,145 | 66,467 | 1,678 |
| General Supplies | 3,855 | | 3,855 | 2,037 | 1,818 |
| Total Behavioral Disabilities | <u>233,562</u> | <u>4,715</u> | <u>238,277</u> | <u>234,781</u> | <u>3,496</u> |
| Multiple Disabilities: | | | | | |
| Salaries of Teachers | 321,015 | (39,878) | 281,137 | 280,178 | 959 |
| Purchased Professional Educational Services | 97,023 | 4,441 | 101,464 | 100,879 | 585 |
| Other Purchased Services | 2,000 | | 2,000 | 1,508 | 492 |
| General Supplies | 4,450 | (714) | 3,736 | 2,084 | 1,652 |
| Total Multiple Disabilities | <u>424,488</u> | <u>(36,151)</u> | <u>388,337</u> | <u>384,649</u> | <u>3,688</u> |
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | 1,176,013 | 260,396 | 1,436,409 | 1,436,409 | |
| Purchased Professional-Educational Services | 318,212 | (7,365) | 310,847 | 305,804 | 5,043 |
| General Supplies | 6,650 | (1,275) | 5,375 | 4,890 | 485 |
| Other Objects | 3,000 | (1,300) | 1,700 | | 1,700 |
| Total Resource Room/Resource Center | <u>1,503,875</u> | <u>250,456</u> | <u>1,754,331</u> | <u>1,747,103</u> | <u>7,228</u> |
| Autism | | | | | |
| Salaries of Teachers | | | | | |
| Total Autism | | | | | |
| Preschool Disabilities - Part-Time: | | | | | |
| Salaries of Teachers | 57,667 | 1,467 | 59,134 | 59,134 | |
| Purchased Professional-Educational Services | 36,088 | (603) | 35,485 | 32,722 | 2,763 |
| Other Purchased Services | 600 | (500) | 100 | | 100 |
| General Supplies | 2,500 | (1,500) | 1,000 | 525 | 475 |
| Total Preschool Disabilities - Part-Time | <u>96,855</u> | <u>(1,136)</u> | <u>95,719</u> | <u>92,381</u> | <u>3,338</u> |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | <u>2,258,780</u> | <u>217,884</u> | <u>2,476,664</u> | <u>2,458,914</u> | <u>17,750</u> |
| Basic Skills/Remedial - Instruction | | | | | |
| Salaries of Teachers | 341,262 | (173,380) | 167,882 | 161,364 | 6,518 |
| Other Salaries for Instruction | 25,742 | 939 | 26,681 | 26,681 | |
| Purchased Professional-Educational Services | | 4,250 | 4,250 | 4,201 | 49 |
| Total Basic Skills/Remedial - Instruction | <u>367,004</u> | <u>(168,191)</u> | <u>198,813</u> | <u>192,246</u> | <u>6,567</u> |
| School-Spon. Co curricular Actvts. - Inst. | | | | | |
| Salaries | 81,033 | (7,957) | 73,076 | 65,934 | 7,142 |
| Purchased Services (300-500 series) | 4,400 | (1,800) | 2,600 | 1,839 | 761 |
| Supplies and Materials | 1,750 | 360 | 2,110 | 1,603 | 507 |
| Other Objects | 80 | | 80 | | 80 |
| Total School-Spon. Co-curricular Actvts. - Inst. | <u>87,263</u> | <u>(9,397)</u> | <u>77,866</u> | <u>69,376</u> | <u>8,490</u> |
| School-Spon. Co-curricular Athletics - Inst. | | | | | |
| Salaries | 263,146 | (7,398) | 255,748 | 253,510 | 2,238 |
| Purchased Services (300-500 series) | 84,636 | (800) | 83,836 | 83,764 | 72 |
| Supplies and Materials | 44,110 | 8,706 | 52,816 | 47,371 | 5,445 |
| Total School-Spon. Co-curricular Athletics - Inst. | <u>391,892</u> | <u>508</u> | <u>392,400</u> | <u>384,645</u> | <u>7,755</u> |
| TOTAL INSTRUCTION | <u>10,168,418</u> | <u>395,486</u> | <u>10,563,904</u> | <u>10,445,594</u> | <u>118,310</u> |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to Other LEAs Within the State - Regular | 102,000 | (3,583) | 98,417 | 98,372 | 45 |
| Tuition - County Voc School Districts - Regular | 147,000 | 44,800 | 191,800 | 189,000 | 2,800 |
| Tuition to CSSD & Regional Day Schools | 490,956 | 81,093 | 572,049 | 547,565 | 24,484 |
| Tuition to Private Schools for the Disabled - Within State | 369,672 | 153,839 | 523,511 | 447,595 | 75,916 |
| Tuition- State Facilities | 4,500 | | 4,500 | 4,500 | |
| Total Undistributed Expenditures - Instruction: | <u>1,114,128</u> | <u>276,149</u> | <u>1,390,277</u> | <u>1,287,032</u> | <u>103,245</u> |

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|----------------------------|-----------------------------|-------------------------|----------------|---|
| Undistributed Expend. - Attend. & Social Work | | | | | |
| Salaries | \$ | \$ | \$ | \$ | \$ |
| Other Purchased Services | 250 | | 250 | | 250 |
| Total Undistributed Expend. - Attend. & Social Work | 250 | | 250 | | 250 |
| Undist. Expend. - Health Services | | | | | |
| Salaries | 338,855 | (51,277) | 287,578 | 287,577 | 1 |
| Purchased Professional and Technical Services | 11,200 | 24,815 | 36,015 | 35,686 | 329 |
| Other Purchased Services (400-500 series) | 1,025 | 165 | 1,190 | 1,025 | 165 |
| Supplies and Materials | 8,515 | (2,045) | 6,470 | 5,606 | 864 |
| Total Undistributed Expenditures - Health Services | 359,595 | (28,342) | 331,253 | 329,894 | 1,359 |
| Undist. Expend. - Speech, OT, PT and Related Serv. | | | | | |
| Salaries | 188,530 | 84,123 | 272,653 | 272,399 | 254 |
| Purchased Professional - Educational Services | 161,000 | (85,338) | 75,662 | 75,577 | 85 |
| Supplies and Materials | 3,800 | 264 | 4,064 | 4,060 | 4 |
| Other Objects | 500 | (500) | | | |
| Total Undist. Exp. Speech, OT, PT and Related Serv. | 353,830 | (1,451) | 352,379 | 352,036 | 343 |
| Undist. Expend. - Other Supp. Serv. Stud - Extraord. Serv. | | | | | |
| Purchased Professional - Educational Services | 538,227 | (120,050) | 418,177 | 414,479 | 3,698 |
| Total Undist. Exp. - Other Sup. Serv. Stud - Extraord. Serv. | 538,227 | (120,050) | 418,177 | 414,479 | 3,698 |
| Undistributed Expend. - Guidance | | | | | |
| Salaries of Other Professional Staff | 492,962 | 16,781 | 509,743 | 509,599 | 144 |
| Salaries of Secretarial and Clerical Assistants | 120,864 | 376 | 121,240 | 121,168 | 72 |
| Purchased Professional- Educational Services | 1,500 | (948) | 552 | | 552 |
| Other Purchased Prof. and Tech. Services | 19,390 | 1,657 | 21,047 | 20,840 | 207 |
| Other purchased Services (400-500 series) | 14,200 | (2,286) | 11,914 | 10,905 | 1,009 |
| Supplies and Materials | 8,620 | (2,032) | 6,588 | 5,643 | 945 |
| Other Objects | 800 | | 800 | 280 | 520 |
| Total Undist. Expend.- Guidance | 658,336 | 13,548 | 671,884 | 668,435 | 3,449 |
| Undistributed Expend. - Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 487,399 | 7,717 | 495,116 | 495,114 | 2 |
| Salaries of Secretarial and Clerical Assistants | 66,676 | (30,294) | 36,382 | 35,781 | 601 |
| Purchased Professional- Educational Services | 6,250 | (4,900) | 1,350 | 1,350 | |
| Other Purchased Prof. and Tech. Services | 39,810 | (15,595) | 24,215 | 24,176 | 39 |
| Misc Pur Serv (400-500 series) | 21,350 | (6,637) | 14,713 | 13,088 | 1,625 |
| Supplies and Materials | 14,375 | 19,160 | 33,535 | 33,481 | 54 |
| Other Objects | 2,995 | 1,430 | 4,425 | 4,274 | 151 |
| Total Undist. Expend.- Child Study Teams | 638,855 | (29,119) | 609,736 | 607,264 | 2,472 |
| Undist. Expend. - Improvement of Inst. Serv. | | | | | |
| Salaries of Supervisor of Instruction | 115,627 | (20,687) | 94,940 | 94,538 | 402 |
| Salaries of Other Professional Staff | 278,555 | 1,312 | 279,867 | 278,143 | 1,724 |
| Salaries of Secretarial and Clerical Assist. | 41,000 | 336 | 41,336 | 40,403 | 933 |
| Other Salaries | 33,000 | (6,358) | 26,642 | 24,484 | 2,158 |
| Other Purchased Professional and Technical Services | 25,000 | 19,995 | 44,995 | 44,995 | |
| Other Purch Services (400-500) | 1,400 | 6,010 | 7,410 | 2,120 | 5,290 |
| Supplies and Materials | 7,700 | (1,579) | 6,121 | 5,249 | 872 |
| Other Objects | 6,704 | (327) | 6,377 | 4,877 | 1,500 |
| Total Undist. Expend. - Improvement of Inst. Serv. | 508,986 | (1,298) | 507,688 | 494,809 | 12,879 |
| Undist. Expend. - Edu. Media Serv./Sch. Library | | | | | |
| Salaries | 144,087 | 12,929 | 157,016 | 156,715 | 301 |
| Salaries of Technology Coordinators | | 34,806 | 34,806 | 34,806 | |
| Purchased Professional and Technical Services | 12,300 | 140 | 12,440 | 10,987 | 1,453 |
| Other Purchased Services (400-500 series) | 18,532 | 402 | 18,934 | 18,544 | 390 |
| Supplies and Materials | 32,222 | (8,824) | 23,398 | 17,630 | 5,768 |
| Total Undist. Expend. - Edu. Media Serv./Sch. Library | 207,141 | 39,453 | 246,594 | 238,682 | 7,912 |
| Undist. Expend. - Instructional Staff Training Serv. | | | | | |
| Purchased Professional - Educational Services | 8,000 | 1,147 | 9,147 | 8,512 | 635 |
| Other Purchased Services (400-500 series) | 2,550 | (1,347) | 1,203 | 11 | 1,192 |
| Supplies and Materials | 13,000 | (1,069) | 11,931 | 11,928 | 3 |
| Other Objects | 1,500 | (1,500) | | | |
| Total Undist. Expend. - Instructional Staff Training Serv. | 25,050 | (2,769) | 22,281 | 20,451 | 1,830 |

PITTSBURGH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL 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 Final to Actual Favorable (Unfavorable)</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|---|
| Undist. Expend. - Supp. Serv. - General Admin. | | | | | |
| Salaries | \$ 299,187 | \$ (5,300) | \$ 293,887 | \$ 292,806 | \$ 1,081 |
| Legal Services | 85,000 | 5,500 | 90,500 | 77,310 | 13,190 |
| Audit Fees | 27,200 | 18,279 | 45,479 | 35,479 | 10,000 |
| Architectural/Engineering Services | 5,000 | (4,179) | 821 | 625 | 196 |
| Other Purchased Professional Services | 5,000 | (5,000) | | | |
| Purchases Technical Services | 500 | | 500 | | 500 |
| Communications/Telephone | 57,200 | | 57,200 | 41,731 | 15,469 |
| BOE Other Purchased Services | 10,880 | | 10,880 | 6,046 | 4,834 |
| Miscellaneous Purchased Services (400-500 series) | 130,619 | (9,684) | 120,935 | 117,548 | 3,387 |
| General Supplies | 10,500 | 9,600 | 20,100 | 12,879 | 7,221 |
| BOE In-House Training/Meeting Supplies | 4,000 | (2,000) | 2,000 | 1,877 | 123 |
| Miscellaneous Expenditures | 6,405 | (900) | 5,505 | 3,890 | 1,615 |
| BOE Membership Dues and Fees | 12,000 | | 12,000 | 11,281 | 719 |
| Total Undist. Expend. - Supp. Serv. - General Admin. | 653,491 | 6,316 | 659,807 | 601,472 | 58,335 |
| Undist. Expend. - Support Serv. - School Admin. | | | | | |
| Salaries of Principals/Assistant Principals | 682,786 | (49,807) | 632,979 | 632,369 | 610 |
| Salaries of Secretarial and Clerical Assistants | 309,200 | (18,157) | 291,043 | 287,239 | 3,804 |
| Other Purchased Services (400-500 series) | 15,900 | (5,410) | 10,490 | 7,654 | 2,836 |
| Supplies and Materials | 29,870 | 11,773 | 41,643 | 29,530 | 12,113 |
| Other Objects | 12,040 | 305 | 12,345 | 10,555 | 1,790 |
| Total Undist. Expend. - Support Serv. - School Admin. | 1,049,796 | (61,296) | 988,500 | 967,347 | 21,153 |
| Undist. Expend. - Central Services | | | | | |
| Salaries | 288,197 | (12,382) | 275,815 | 274,479 | 1,336 |
| Purchased Professional Services | 6,460 | (3,550) | 2,910 | 1,880 | 1,030 |
| Purchased Technical Services | 2,600 | (112) | 2,488 | | 2,488 |
| Miscellaneous Purchased Services (400-500 series) | 20,100 | 48,700 | 68,800 | 54,753 | 14,047 |
| Supplies and Materials | 12,400 | (3,362) | 9,038 | 6,663 | 2,375 |
| Interest on Current Loans | 25,000 | (14,134) | 10,866 | 10,770 | 96 |
| Interest on Lease Purchase Agreements | 21,267 | 4,500 | 25,767 | 25,765 | 2 |
| Miscellaneous Expenditures | 1,350 | 1,300 | 2,650 | 2,542 | 108 |
| Total Undist. Expend. - Central Services | 377,374 | 20,960 | 398,334 | 376,852 | 21,482 |
| Undist. Expend. - Admin. Info. Technology | | | | | |
| Salaries | 227,995 | (3,382) | 224,613 | 222,187 | 2,426 |
| Purchased Technical Services | 41,632 | | 41,632 | 41,632 | |
| Other Purchased Services (400-500 series) | 23,550 | (5,491) | 18,059 | 16,481 | 1,578 |
| Supplies and Materials | 18,000 | 2,208 | 20,208 | 20,003 | 205 |
| Total Undist. Expend. - Admin. Info. Technology | 311,177 | (6,665) | 304,512 | 300,303 | 4,209 |
| Undist. Expend. - Req. Maint. for School Facilities | | | | | |
| Salaries | 330,293 | 52,379 | 382,672 | 382,671 | 1 |
| Cleaning, Repair, and Maintenance Services | 211,300 | 140,150 | 351,450 | 229,371 | 122,079 |
| Lead Testing of Drinking Water | | 663 | 663 | 623 | 40 |
| General Supplies | 51,772 | 21,141 | 72,913 | 71,739 | 1,174 |
| Total Undist. Expend. - Req. Maint. for School Facilities | 593,365 | 214,333 | 807,698 | 684,404 | 123,294 |
| Undist. Expend. - Custodial Services | | | | | |
| Salaries | 33,500 | (11,424) | 22,076 | 22,075 | 1 |
| Purchased Professional and Technical Services | 117,070 | 30,343 | 147,413 | 141,056 | 6,357 |
| Cleaning, Repair and Maintenance Services | 730,035 | (69,420) | 660,615 | 655,714 | 4,901 |
| Rental of Land, Building & Other than Lease Purchases | 102,500 | (40,500) | 62,000 | 62,000 | |
| Other Purchased Property Services | 41,326 | (18,580) | 22,746 | 22,120 | 626 |
| Insurance | 101,629 | (10,808) | 90,821 | 90,534 | 287 |
| Miscellaneous Purchased Services | 3,100 | 1,500 | 4,600 | 4,029 | 571 |
| General Supplies | 31,000 | (10,804) | 20,196 | 15,817 | 4,379 |
| Energy (Natural Gas) | 119,928 | 12,528 | 132,456 | 129,366 | 3,090 |
| Energy (Electricity) | 368,445 | 101,478 | 469,923 | 455,424 | 14,499 |
| Other Objects | 1,502 | (1) | 1,501 | 55 | 1,446 |
| Total Undist. Expend. - Custodial Services | 1,650,035 | (15,688) | 1,634,347 | 1,598,190 | 36,157 |

PITTSBURGH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|----------------------------|-----------------------------|-------------------------|-------------------|---|
| Undist. Expend. - Care and Upkeep of Grounds | | | | | |
| Cleaning, Repair and Maintenance Services | \$ 114,514 | \$ (23,427) | \$ 91,087 | \$ 80,285 | \$ 10,802 |
| General Supplies | 40,000 | (13,199) | 26,801 | 26,614 | 187 |
| Total Undist. Expend. - Care and Upkeep of Grounds | 154,514 | (36,626) | 117,888 | 106,899 | 10,989 |
| Undist. Expend. - Security | | | | | |
| Salaries | 106,625 | 21,059 | 127,684 | 116,108 | 11,576 |
| Purchased Professional and Technical Services | 2,800 | 72,888 | 75,688 | 3,261 | 72,427 |
| Cleaning, Repair and Maintenance Services | 4,600 | (4,133) | 467 | | 467 |
| General Supplies | 1,400 | 74,109 | 75,509 | 207 | 75,302 |
| Other Objects | 500 | 1,200 | 1,700 | 1,621 | 79 |
| Total Undist. Expend. - Security | 115,925 | 165,123 | 281,048 | 121,197 | 159,851 |
| Total Undist. Expend. - Oper. & Maint. Of Plant | 2,513,839 | 327,142 | 2,840,981 | 2,510,690 | 330,291 |
| Undist. Expend. - Student Transportation Serv. | | | | | |
| Sal. For Pup.Trans. (Bet. Home and School) - Regular | 599,566 | 89,241 | 688,807 | 688,694 | 113 |
| Sal. For Pup.Trans. (Bet. Home and School) - Special | 350,846 | 21,235 | 372,081 | 370,888 | 1,193 |
| Sal. For Pup. Trans. (Other than Bet. Home and School) | 48,600 | 30,624 | 79,224 | 78,623 | 601 |
| Management Fee - ESC & CTSA Transportation Programs | 238 | | 238 | 194 | 44 |
| Other Purchased Professional and Technical Services | 4,852 | (772) | 4,080 | 4,070 | 10 |
| Cleaning, Repair and Maintenance Services | 7,600 | (890) | 6,710 | 4,230 | 2,480 |
| Lease Purchase Payments - School Buses | 334,954 | 44,018 | 378,972 | 378,970 | 2 |
| Contr Serv. - Aid in Lieu Payments - Nonpublic | 66,300 | 14,840 | 81,140 | 79,000 | 2,140 |
| Contr Serv. - Aid in Lieu Payments - Charter | 1,768 | 232 | 2,000 | 2,000 | |
| Contr Serv (not Home/School) - Vendors | 5,000 | (4,988) | 12 | | 12 |
| Contr Serv (Spl. Ed. Students) - Joint Agreements | | 23,000 | 23,000 | 22,772 | 228 |
| Contr Serv (Regular Students) - ESCs and CTSA'S | | 32,000 | 32,000 | 30,908 | 1,092 |
| Contr Serv (Spl. Ed. Students) - ESCs | 49,000 | 12,650 | 61,650 | 61,645 | 5 |
| Misc. Purchased Serv. - Transportation | 71,181 | 3,763 | 74,944 | 74,763 | 181 |
| General Supplies | 44,655 | (11,580) | 33,075 | 29,320 | 3,755 |
| Transportation Supplies | 322,700 | (22,173) | 300,527 | 294,758 | 5,769 |
| Miscellaneous Expenditures | 2,950 | 1,783 | 4,733 | 4,726 | 7 |
| Total Undist. Expend. - Student Transportation Serv. | 1,910,210 | 232,983 | 2,143,193 | 2,125,561 | 17,632 |
| UNALLOCATED BENEFITS - Employee Benefits | | | | | |
| Social Security Contributions | 300,365 | 21,200 | 321,565 | 300,127 | 21,438 |
| Other Retirement Contributions - PERS | 352,663 | | 352,663 | 343,346 | 9,317 |
| Unemployment Compensation | 58,474 | 7,400 | 65,874 | 65,846 | 28 |
| Workmen's Compensation | 225,579 | 5,826 | 231,405 | 231,319 | 86 |
| Health Benefits | 4,573,029 | (950,529) | 3,622,500 | 3,544,220 | 78,280 |
| Tuition Reimbursement | 13,000 | 30,800 | 43,800 | 41,244 | 2,556 |
| Other Employee Benefits | 315,508 | 174,035 | 489,543 | 459,671 | 29,872 |
| TOTAL UNALLOCATED BENEFITS | 5,838,618 | (711,268) | 5,127,350 | 4,985,773 | 141,577 |
| On-behalf TPAF Pension Contributions (non-budgeted) | | | | 1,730,468 | (1,730,468) |
| On-behalf TPAF Post Retirement Contrib (non-budgeted) | | | | 1,117,673 | (1,117,673) |
| On-behalf TPAF Long-term Disability Contrib. | | | | 2,898 | (2,898) |
| Reimbursed TPAF Social Security Cont. (non-budgeted) | | | | 887,899 | (887,899) |
| TOTAL ON-BEHALF CONTRIBUTIONS | | | | 3,738,938 | (3,738,938) |
| TOTAL PERSONAL SERV. - EMPLOYEE BENEFITS | 5,838,618 | (711,268) | 5,127,350 | 8,724,711 | (3,597,361) |
| TOTAL UNDISTRIBUTED EXPENDITURES | 17,058,903 | (45,707) | 17,013,196 | 20,020,018 | (3,006,822) |
| TOTAL GENERAL CURRENT EXPENSE | 27,227,321 | 349,779 | 27,577,100 | 30,465,612 | (2,888,512) |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Undistributed Expenditures: | | | | | |
| Grades 1-5 | | 18,925 | 18,925 | 10,525 | 8,400 |
| Grades 6-8 | | 3,151 | 3,151 | 2,000 | 1,151 |
| Grades 9-12 | | 4,548 | 4,548 | 2,449 | 2,099 |
| Instruction | 11500 | 5,726 | 17,226 | 17,226 | |
| Special Education Instruction | | | | | |
| General Administration | | 7,988 | 7,988 | 7,484 | 504 |
| Required Maintenance for School Facilities | | 3,674 | 3,674 | 3,674 | |
| Security | | 29,720 | 29,720 | | 29,720 |
| Total Equipment | 11,500 | 73,732 | 85,232 | 43,358 | 41,874 |

**PITTSBURGH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL 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 Final to Actual Favorable (Unfavorable)</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------------|---|
| Facilities Acquisition and Construction Services | | | | | |
| Architectural/Engineering Services | \$ | \$ 15,400 | \$ 15,400 | \$ 12,936 | \$ 2,464 |
| Construction Services | | 72,164 | 72,164 | | 72,164 |
| Lease Purchase Agreement - Principal | 125,691 | 172,478 | 298,169 | 298,169 | |
| Assessment for Debt Service on SDA Funding | 53,260 | | 53,260 | 53,260 | |
| Total Facilities Acquisition and Construction Services | <u>178,951</u> | <u>260,042</u> | <u>438,993</u> | <u>364,365</u> | <u>74,628</u> |
| Interest Deposit to Capital reserve | | | | | |
| Assets Acquired Under Capital Leases (non-budgeted) | 10 | | 10 | 312,509 | (312,499) |
| TOTAL CAPITAL OUTLAY | <u>190,461</u> | <u>333,774</u> | <u>524,235</u> | <u>720,232</u> | <u>(195,997)</u> |
| Other Special Schools-Summer School | | | | | |
| Purchased Professional and Technical Services | | | | | |
| General Supplies | | | | | |
| Total Other Special Schools-Instruction | | | | | |
| Other Special Schools-Support Services | | | | | |
| Personal Services-Employee Benefits | | | | | |
| Total Other Special Schools-Support Services | | | | | |
| Total Other Special Schools | | | | | |
| TOTAL EXPENDITURES | <u>27,417,782</u> | <u>683,553</u> | <u>28,101,335</u> | <u>31,185,844</u> | <u>(3,084,509)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>20,234</u> | <u>(92,970)</u> | <u>(72,736)</u> | <u>987,492</u> | <u>1,060,228</u> |
| Other Financing Sources: | | | | | |
| Operating Transfer (Out) and In: | | | | | |
| Transfer of Funds to Charter School | (20,234) | | (20,234) | (20,234) | |
| Proceeds from Capital Leases | | | | 312,509 | 312,509 |
| Total Other Financing Sources: | <u>(20,234)</u> | | <u>(20,234)</u> | <u>292,275</u> | <u>312,509</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses) | | <u>(92,970)</u> | <u>(92,970)</u> | <u>1,279,767</u> | <u>1,372,737</u> |
| Fund Balance, July 1 | <u>739,383</u> | | <u>739,383</u> | <u>739,383</u> | |
| Fund Balance, June 30 | <u>\$ 739,383</u> | <u>\$ (92,970)</u> | <u>\$ 646,413</u> | <u>\$ 2,019,150</u> | <u>\$ 1,372,737</u> |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Capital Reserve | | | \$ 2,761 | | |
| Maintenance Reserve | | | | 400,000 | |
| Excess Surplus | | | | 97,512 | |
| Assigned Fund Balance: | | | | | |
| Encumbrances | | | | 490,444 | |
| Designated for Subsequent Year's expenditures | | | | 225,000 | |
| Unassigned Fund Balance | | | | <u>803,433</u> | |
| | | | | 2,019,150 | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | | |
| Last State Aid Payment not recognized on GAAP basis | | | | <u>(1,505,188)</u> | |
| Fund Balance per Governmental Funds (GAAP) | | | | <u>\$ 513,962</u> | |

PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE 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 Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES: | | | | | |
| State Sources | \$ 69,300 | \$ 1,500,686 | \$ 1,569,986 | \$ 1,544,760 | \$ 25,226 |
| Federal Sources | 673,367 | 371,866 | 1,045,233 | 842,491 | 202,742 |
| Other Sources | | 35,909 | 35,909 | 30,562 | 5,347 |
| Total Revenues | <u>742,667</u> | <u>1,908,461</u> | <u>2,651,128</u> | <u>2,417,813</u> | <u>233,315</u> |
| EXPENDITURES: | | | | | |
| Instruction | | | | | |
| Salaries - Teachers | 270,450 | 352,165 | 622,615 | 614,198 | 8,417 |
| Purchased Prof - Tech Services | | 8,355 | 8,355 | 8,355 | |
| Purchased Prof - Ed Services | 16,469 | (9,357) | 7,112 | 151,010 | (143,898) |
| Other Purchased Services | | 156,983 | 156,983 | 2,210 | 154,773 |
| Tuition-Child Study Team | 345,525 | 87,857 | 433,382 | 433,382 | |
| Supplies and Materials | 1,000 | 148,256 | 149,256 | 134,697 | 14,559 |
| Other Objects | | 3,000 | 3,000 | 240 | 2,760 |
| Total Instruction | <u>633,444</u> | <u>747,259</u> | <u>1,380,703</u> | <u>1,344,092</u> | <u>36,611</u> |
| Support Services | | | | | |
| Salaries - Supervisors | 24,223 | 3,781 | 28,004 | 26,582 | 1,422 |
| Salaries- Principals | | 88,852 | 88,852 | 88,852 | |
| Salaries- Other Staff | | 64,332 | 64,332 | 64,296 | 36 |
| Salaries - Secretarial and Clerical | | 38,608 | 38,608 | 38,438 | 170 |
| Salaries - Other Salaries | | 22,305 | 22,305 | 22,303 | 2 |
| Salaries - Family Parent Liaison | | 41,503 | 41,503 | 41,458 | 45 |
| Personal Services - Employee Benefits | 60,000 | 120,629 | 180,629 | 179,189 | 1,440 |
| Purchased Prof. - Ed. Services | | | 171,728 | 171,728 | |
| Purchased Prof. - Tech. Services | 10,000 | 170,228 | 180,228 | 2,390 | 177,838 |
| Other Purchased Services | 5,000 | 37,592 | 42,592 | 37,845 | 4,747 |
| Purchased Professional Services | | 35,141 | 35,141 | 34,689 | 452 |
| Cleaning and Repair | | 88,588 | 88,588 | 88,587 | 1 |
| Contracted Services Transportation | | 73,394 | 73,394 | 69,606 | 3,788 |
| Travel | | 655 | 655 | 277 | 378 |
| Supplies and Materials | 10,000 | 4,567 | 14,567 | 12,498 | 2,069 |
| Other Objects | | 22,480 | 22,480 | 20,259 | 2,221 |
| Total Support Services | <u>109,223</u> | <u>812,655</u> | <u>1,093,606</u> | <u>898,997</u> | <u>194,609</u> |
| Facilities Acquisition and Construction Services: | | | | | |
| Other Professional/Technical | | 7,294 | 7,294 | 7,294 | |
| Instructional Equipment | | 169,525 | 169,525 | 167,430 | 2,095 |
| Total Facilities Acquisition and Construction Services | | <u>176,819</u> | <u>176,819</u> | <u>174,724</u> | <u>2,095</u> |
| Total Expenditures | <u>742,667</u> | <u>1,736,733</u> | <u>2,651,128</u> | <u>2,417,813</u> | <u>233,315</u> |
| Other Financing Sources (Uses) | | | | | |
| Total Other Financing Sources (Uses) | | | | | |
| Total Outflows | <u>742,667</u> | <u>1,736,733</u> | <u>2,651,128</u> | <u>2,417,813</u> | <u>233,315</u> |
| Excess (Deficiency) of Revenues Over (Under) | | | | | |
| Expenditures and Other Financing Sources (Uses) | \$ | \$ | \$ | \$ | \$ |

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

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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) "revenue" from the budgetary comparison schedule | [C-1] | \$ 32,173,336 | [C-2] | \$ | 2,417,813 |
| Difference - budget to GAAP: | | | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | | | | (115,438) |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | | 1,313,956 | | | 6,930 |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | | (1,505,188) | | | (156,999) |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | [B-2] | \$ 31,982,104 | [B-2] | \$ | 2,152,306 |
| Uses/outflows of resources | | | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] | \$ 31,185,844 | [C-2] | \$ | 2,417,813 |
| 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. | | | | | (115,438) |
| Pension Expense recognized for GAAP but not for budgetary purposes. | | | | | |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | [B-2] | \$ 31,185,844 | [B-2] | \$ | 2,302,375 |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|---------------|--------------|--------------|
| District's Proportion of the Net Pension Liability(Asset) | 0.035283% | 0.037620% | 0.040185% | 0.043017% |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ 8,213,386 | \$ 11,141,908 | \$ 9,020,774 | \$ 8,053,869 |
| District's Covered-Employee Payroll | \$ 2,213,805 | \$ 2,297,573 | \$ 2,501,427 | \$ 2,539,163 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 371.01% | 484.94% | 360.63% | 317.19% |
| 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.

PITTSBORO 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 | \$ 330,384 | \$ 335,357 | \$ 345,485 | \$ 354,622 |
| Contributions in Relation to the Contractually Required Contribution | <u>(330,384)</u> | <u>(335,357)</u> | <u>(345,485)</u> | <u>(354,622)</u> |
| Contribution Deficiency (Excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| District's Covered-Employee Payroll | \$ 2,213,805 | \$ 2,297,573 | \$ 2,501,427 | \$ 2,539,163 |
| Contributions as a Percentage of Covered-Employee Payroll | 14.92% | 14.60% | 13.81% | 13.97% |

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

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|---------------|---------------|---------------|
| District's Proportion of the Net Pension Liability(Asset) | 0.111253% | 0.112680% | 0.112808% | 0.110844% |
| State's proportionate share of the net pension liability (asset) associated with the District | \$ 75,010,900 | \$ 88,641,213 | \$ 71,299,551 | \$ 59,242,417 |
| District's Covered-Employee Payroll | \$ 12,023,886 | \$ 11,580,796 | \$ 11,801,637 | \$ 11,402,837 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 623.85% | 765.42% | 604.15% | 519.54% |
| 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.

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

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

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

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

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

PITTSBORO 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 | \$ 2,859,605 |
| Interest | 2,375,081 |
| Changes of benefit terms | |
| Differences between expected and actual experience | |
| Changes of assumptions or other inputs | (9,932,378) |
| Member contributions | 63,913 |
| Benefit payments | (1,735,702) |
| Net change in total OPEB liability | <u>(6,369,481)</u> |
| Total OPEB liability - beginning | <u>81,306,596</u> |
| Total OPEB liability - ending | <u>\$ 74,937,115</u> |
| Covered-employee payroll | <u>\$ 14,237,691</u> |
| Total OPEB liability as a percentage of covered-employee payroll | 526.33% |

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.

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

| | <u>Energy for the Arts</u> | <u>Safety Grant</u> | <u>NJJJC</u> | <u>Sustain Schools</u> | <u>Sustain Grant</u> | <u>NJSB Insurance Group</u> | <u>Sub-Total Per E-1(2)</u> | <u>Totals 2018</u> |
|---|------------------------------------|-------------------------|-----------------|----------------------------|--------------------------|-------------------------------------|---------------------------------|------------------------|
| REVENUES: | | | | | | | | |
| State Sources | \$ | \$ | \$ | \$ | \$ | \$ | \$ 1,544,760 | \$ 1,544,760 |
| Federal Sources | | | | | | | 842,491 | 842,491 |
| Other Sources | 470 | 2,104 | 7,355 | 2,863 | 12,580 | 5,190 | | 30,562 |
| Total Revenues | \$ 470 | \$ 2,104 | \$ 7,355 | \$ 2,863 | \$ 12,580 | \$ 5,190 | \$ 2,387,251 | \$ 2,417,813 |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries - Teachers | \$ | \$ | \$ 4,753 | \$ | \$ | \$ | \$ 609,445 | \$ 614,198 |
| Purchased Prof - Tech Services | | | | | | | 8,355 | 8,355 |
| Purchased Prof - Ed Services | | | | | | | 151,010 | 151,010 |
| Other Purchased Services | | | | | | | 2,210 | 2,210 |
| Tuition | | | | | | | 433,382 | 433,382 |
| Supplies and Materials | 470 | | 2,602 | 2,863 | 12,580 | | 116,182 | 134,697 |
| Other Objects | | | | | | | 240 | 240 |
| Total Instruction | 470 | | 7,355 | 2,863 | 12,580 | | 1,320,824 | 1,344,092 |
| Support Services: | | | | | | | | |
| Salaries - Supervisors | | | | | | | 26,582 | 26,582 |
| Salaries- Principals | | | | | | | 88,852 | 88,852 |
| Salaries- Other Staff | | | | | | | 64,296 | 64,296 |
| Salaries - Secretarial and Clerical | | | | | | | 38,438 | 38,438 |
| Salaries - Other Salaries | | | | | | | 22,303 | 22,303 |
| Salaries - Family Parent Liaison | | | | | | | 41,458 | 41,458 |
| Personal Services - Employee Benefits | | | | | | | 179,189 | 179,189 |
| Purchased Prof - Ed. Services | | | | | | | 171,728 | 171,728 |
| Purchased Prof - Tech. Services | | | | | | | 2,390 | 2,390 |
| Other Purchased Services | | | | | | | 37,845 | 37,845 |
| Purchased Professional Services | | | | | | | 34,689 | 34,689 |
| Cleaning and Repair | | | | | | | 88,587 | 88,587 |
| Contracted Services Transportation | | | | | | | 69,606 | 69,606 |
| Travel | | | | | | | 277 | 277 |
| Supplies and Materials | | | | | | | 12,498 | 12,498 |
| Other Objects | | | | | | | 20,259 | 20,259 |
| Total Support Services | | | | | | | 898,997 | 898,997 |
| Facilities Acquisition and Const. Serv.: | | | | | | | | |
| Other Professional/Tech | | 2,104 | | | | 5,190 | | 7,294 |
| Instructional Equipment | | | | | | | 167,430 | 167,430 |
| Total Facilities Acquisition and Construction Services | | 2,104 | | | | 5,190 | 167,430 | 174,724 |
| Total Expenditures | \$ 470 | \$ 2,104 | \$ 7,355 | \$ 2,863 | \$ 12,580 | \$ 5,190 | \$ 2,387,251 | \$ 2,417,813 |

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

| | <u>Title I - Part A</u> | <u>NCLB Title II-A</u> | <u>Title IV</u> | <u>IDEA</u> | | <u>Preschool Education</u> | <u>Subtotal 2018</u> |
|---|-------------------------|----------------------------|-----------------|----------------|------------------|--------------------------------|--------------------------|
| | <u>2017-18</u> | <u>2017-18</u> | <u>2017-18</u> | <u>Part B</u> | <u>Pre K</u> | | |
| REVENUES: | | | | | | | |
| State Sources | \$ | \$ | \$ | \$ | \$ | \$ 1,544,760 | \$ 1,544,760 |
| Federal Sources | 364,397 | 28,976 | 5,269 | 433,382 | 10,467 | | 842,491 |
| Total revenues | \$ 364,397 | \$ 28,976 | \$ 5,269 | 433,382 | \$ 10,467 | \$ 1,544,760 | \$ 2,387,251 |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries - Teachers | \$ 263,344 | \$ | \$ | \$ | \$ | 346,101 | 609,445 |
| Purchased Prof - Ed Services | | | | | 2,112 | 148,898 | 151,010 |
| Purchased Prof - Tech Services | | | | | 8,355 | | 8,355 |
| Other Purchased Services | | | | | | 2,210 | 2,210 |
| Tuition | | | | 433,382 | | | 433,382 |
| Supplies and Materials | 24,894 | | 1,879 | | | 89,409 | 116,182 |
| Other Objects | 240 | | | | | | 240 |
| Total Instruction | 288,478 | - | 1,879 | 433,382 | 10,467 | 586,618 | 1,320,824 |
| Support Services: | | | | | | | |
| Salaries - Supervisors | | | | | | 26,582 | 26,582 |
| Salaries- Principals | | | | | | 88,852 | 88,852 |
| Salaries- Other Staff | | | | | | 64,296 | 64,296 |
| Salaries - Secretarial and Clerical | | | | | | 38,438 | 38,438 |
| Salaries - Other Salaries | | | | | | 22,303 | 22,303 |
| Salaries - Family Parent Liaison | | | | | | 41,458 | 41,458 |
| Personal Services - Employee Benefits | 73,538 | | | | | 105,651 | 179,189 |
| Purchased Professional - Ed. Services | | | | | | 171,728 | 171,728 |
| Purchased Professional - Tech. Services | | | | | | | 2,390 |
| Other Purchased Services | 220 | 28,976 | 1,000 | | | 7,649 | 37,845 |
| Purchased Professional Services | | | | | | 34,689 | 34,689 |
| Cleaning and Repair | | | | | | 88,587 | 88,587 |
| Contracted Services Transportation | | | | | | 69,606 | 69,606 |
| Travel | | | | | | 277 | 277 |
| Supplies and Materials | 2,161 | | | | | 10,337 | 12,498 |
| Other Objects | | | | | | 20,259 | 20,259 |
| Total Support Services | 75,919 | 28,976 | 3,390 | | | 790,712 | 898,997 |
| Facilities Acquisition and Const. Serv.: | | | | | | | |
| Instructional Equipment | | | | | | 167,430 | 167,430 |
| Total Facilities Acquisition and Construction Services | | | | | | 167,430 | 167,430 |
| Total Expenditures | \$ 364,397 | \$ 28,976 | \$ 5,269 | 433,382 | \$ 10,467 | \$ 1,544,760 | \$ 2,387,251 |

PITTSBORO TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|---------------------|---------------------|------------------|
| EXPENDITURES: | | | |
| Instruction: | | | |
| Salaries of Teachers | \$ 346,830 | \$ 346,101 | \$ 729 |
| Purchased Prof - Education Services | 159,608 | 148,898 | 10,710 |
| Other Purchased Services | 2,375 | 2,210 | 165 |
| Supplies and Materials | 92,550 | 89,409 | 3,141 |
| Total Instruction | <u>601,363</u> | <u>586,618</u> | <u>14,745</u> |
| Support Services: | | | |
| Salaries - Supervisors | 27,004 | 26,582 | 422 |
| Salaries- Principals | 88,852 | 88,852 | |
| Salaries- Other Staff | 64,332 | 64,296 | 36 |
| Salaries - Secretarial and Clerical | 38,607 | 38,438 | 169 |
| Salaries - Other Salaries | 22,305 | 22,303 | 2 |
| Salaries - Family Parent Liaison | 41,503 | 41,458 | 45 |
| Personal Services - Employee Benefits | 105,792 | 105,651 | 141 |
| Purchased Professional - Ed. Services | 171,728 | 171,728 | |
| Other Purchased Services | 8,349 | 7,649 | 700 |
| Purchased Professional Services | 35,141 | 34,689 | 452 |
| Cleaning and Repair | 88,588 | 88,587 | 1 |
| Contracted Services Transportation | 73,394 | 69,606 | 3,788 |
| Travel | 655 | 277 | 378 |
| Supplies and Materials | 10,367 | 10,337 | 30 |
| Other Objects | 22,481 | 20,259 | 2,222 |
| Total Support Services | <u>799,098</u> | <u>790,712</u> | <u>8,386</u> |
| Facilities Acquisition and Const. Services: | | | |
| Instructional Equipment | 169,525 | 167,430 | 2,095 |
| Non-instructional Equipment | | | |
| Total Facilities Acquisition and Const. Services | <u>169,525</u> | <u>167,430</u> | <u>2,095</u> |
| Contribution to Charter Schools | | | |
| Total Expenditures | <u>\$ 1,569,986</u> | <u>\$ 1,544,760</u> | <u>\$ 25,226</u> |

CALCULATION OF BUDGET & CARRYOVER

| | | |
|--|--------------------|------|
| Total 2017-18 Preschool Education Aid Allocation | \$ 1,569,986 | (1) |
| Add: Actual ECPA Carryover (JUNE 30, 2017) | | (2) |
| Add: Budgeted Transfer from General Fund 2017-18 | | (3) |
| Total Preschool Education Aid Funds Available for 2017-18 Budget | <u>1,569,986</u> | (4) |
| Less: 2017-18 Budgeted Preschool Education Aid and Prior Year Budgeted (Carryover) | <u>(1,569,986)</u> | (5) |
| Available & Unbudgeted Preschool Education Aid Funds as of JUNE 30, 2018 | | (6) |
| Add: JUNE 30, 2018 Unexpended Preschool Education Aid | | (7) |
| Less: 2017-18 Commissioner-approved Transfer to the General Fund | | (8) |
| 2017-18 Carryover - Preschool Education Aid | <u>\$</u> | (9) |
| 2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs 2018-19 | <u>\$</u> | (10) |

CAPITAL PROJECTS FUND DETAIL STATEMENT

N/A

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.

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

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

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

PITTSBORO TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2018
(with comparative totals for June 30, 2017)

| | <u>Food Service Enterprise Fund</u> | <u>(SACC) School Age Child Care Enterprise Fund</u> | <u>Totals</u> | |
|---|---|---|-------------------|-------------------|
| | | | <u>2018</u> | <u>2017</u> |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 118,366 | \$ 108,090 | \$ 226,456 | \$ 221,572 |
| Accounts Receivable: | | | | |
| State | 488 | | 488 | 274 |
| Federal | 24,446 | | 24,446 | 15,105 |
| Other | 491 | 7,715 | 8,206 | 11,191 |
| Interfund | | 952 | 952 | |
| Inventories | 9,950 | | 9,950 | 15,936 |
| Total Current Assets | <u>153,741</u> | <u>116,757</u> | <u>270,498</u> | <u>264,078</u> |
| Fixed Assets: | | | | |
| Equipment | 312,225 | | 312,225 | 309,773 |
| Accumulated Depreciation | (222,649) | | (222,649) | (216,569) |
| Total Fixed Assets | <u>89,576</u> | | <u>89,576</u> | <u>93,204</u> |
| Total Assets | <u>\$ 243,317</u> | <u>\$ 116,757</u> | <u>\$ 360,074</u> | <u>\$ 357,282</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Interfund Payable | \$ 59,302 | | \$ 59,302 | |
| Compensated Absences | | | | |
| Accounts Payable | | 2,589 | 2,589 | 29,584 |
| Unearned Revenue | 13,063 | 485 | 13,548 | 8,611 |
| Total Current Liabilities | <u>72,365</u> | <u>3,074</u> | <u>75,439</u> | <u>38,195</u> |
| NET POSITION | | | | |
| Investment in Capital Assets net of Related Debt | 89,576 | | 89,576 | 93,204 |
| Unrestricted | 81,376 | 113,683 | 195,059 | 225,883 |
| Total Net Position | <u>170,952</u> | <u>113,683</u> | <u>284,635</u> | <u>319,087</u> |
| Total Liabilities and Net Position | <u>\$ 243,317</u> | <u>\$ 116,757</u> | <u>\$ 360,074</u> | <u>\$ 357,282</u> |

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(with comparative totals for June 30, 2017)

| | Food Service | School Age | Totals | |
|--|--------------------|----------------------------------|-------------------|-------------------|
| | Enterprise Fund | Child Care Enterprise Fund | 2018 | 2017 |
| OPERATING REVENUES: | | | | |
| Local Sources: | | | | |
| Daily Sales-Reimbursable Programs: | | | | |
| School Lunch Program | \$ 208,343 | \$ | \$ 208,343 | \$ 214,793 |
| Total Daily Sales-Reimbursable Programs | 208,343 | | 208,343 | 214,793 |
| Daily Sales Non-reimbursable Programs | 109,656 | | 109,656 | 113,431 |
| Special Functions | 37,062 | | 37,062 | 33,596 |
| Service Charges | | 224,786 | 224,786 | 157,319 |
| Miscellaneous | | | | 5,948 |
| Total Operating Revenue | 355,061 | 224,786 | 579,847 | 525,087 |
| OPERATING EXPENSES: | | | | |
| Salaries | | 154,238 | 154,238 | 120,230 |
| Employee Benefits | | 12,335 | 12,335 | 7,548 |
| Other Costs | 100,123 | 39,222 | 139,345 | 49,378 |
| Sodexo Costs: | | | | |
| Salaries | 223,771 | | 223,771 | 217,683 |
| Employee Benefits | 39,955 | | 39,955 | 39,629 |
| Supplies and Materials | 42,412 | | 42,412 | 29,177 |
| Management Fees | 59,044 | | 59,044 | 56,369 |
| Insurance | 18,691 | | 18,691 | 17,882 |
| Other Costs | 11,439 | | 11,439 | 9,074 |
| Cost of Sales - Reimbursable Programs | 258,554 | | 258,554 | 245,057 |
| Cost of Sales - Non-Reimbursable Programs | 52,867 | | 52,867 | 53,135 |
| Depreciation | 6,080 | | 6,080 | 5,521 |
| Total Operating Expenses | 812,936 | 205,795 | 1,018,731 | 850,683 |
| Operating Loss | (457,875) | 18,991 | (438,884) | (325,596) |
| Non-operating Revenues: | | | | |
| State Sources: | | | | |
| State School Lunch Program | 7,201 | | 7,201 | 6,417 |
| Federal Sources: | | | | |
| National School Breakfast Program | 82,862 | | 82,862 | 75,537 |
| National School Lunch Program | 254,588 | | 254,588 | 241,026 |
| Special Milk Program | 75 | | 75 | 930 |
| Food Distribution Program | 58,813 | | 58,813 | 56,140 |
| Interest Revenue | 602 | 291 | 893 | 773 |
| Total Non-operating Revenues | 404,141 | 291 | 404,432 | 380,823 |
| Net Income Before Operating Transfers | (53,734) | 19,282 | (34,452) | 55,227 |
| Net Income After Operating Transfers | (53,734) | 19,282 | (34,452) | 55,227 |
| Total Net Position-Beginning | 224,686 | 94,401 | 319,087 | 263,860 |
| Total Net Position-Ending | \$ 170,952 | \$ 113,683 | \$ 284,635 | \$ 319,087 |

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(with comparative totals for June 30, 2017)

| | Food Service Enterprise Fund | School Age Child Care Enterprise Fund | Totals | |
|--|------------------------------------|--|--------------|--------------|
| | | | 2018 | 2017 |
| Cash Flows from Operating Activities: | | | | |
| Receipts from Customers | \$ 355,061 | \$ 224,786 | \$ 579,847 | \$ 525,087 |
| Payments to Employees | (223,771) | (154,238) | (378,009) | (337,913) |
| Payments for Employee Benefits | (39,955) | (12,335) | (52,290) | (48,827) |
| Payments to Suppliers | (447,985) | (39,846) | (487,831) | (508,737) |
| Net Cash Used by Operating Activities | (356,650) | 18,367 | (338,283) | (370,390) |
| Cash Flows from Non-capital Financing Activities: | | | | |
| Cash Received From General Fund | | | | |
| Cash Received from State and Federal Reimbursements | 344,726 | | 344,726 | 323,910 |
| Total Cash Provided by Non-Capital Financing Activities | 344,726 | | 344,726 | 323,910 |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Acquisition of Capital Assets | (2,452) | | (2,452) | (20,591) |
| Net Increase Before Investing Activities | (14,376) | | 3,991 | (67,071) |
| Cash Flows from Investing Activities: | | | | |
| Interest on Investments | 602 | 291 | 893 | 773 |
| Net Cash Provided by Investing Activities | 602 | 291 | 893 | 773 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (13,774) | 18,658 | 4,884 | (66,298) |
| Cash and Cash Equivalents, July 1 | 132,140 | 89,432 | 221,572 | 287,870 |
| Cash and Cash Equivalents, June 30 | \$ 118,366 | \$ 108,090 | \$ 226,456 | \$ 221,572 |
| Operating Income (Loss) | \$ (457,875) | \$ 18,991 | \$ (438,884) | \$ (325,596) |
| Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities | | | | |
| Depreciation | 6,080 | | 6,080 | 5,521 |
| Federal Commodities | 58,813 | | 58,813 | 56,140 |
| Change in Assets and Liabilities: | | | | |
| (Increase)/Decrease in Accounts Receivable | (3,824) | (2,746) | (6,570) | 43,060 |
| (Increase)/Decrease in Inventory | 5,986 | | 5,986 | (3,405) |
| (Increase)/Decrease in Interfund Receivable | | (952) | (952) | 191,536 |
| (Increase)/Decrease in Fixed Assets | | | | |
| Increase/(Decrease) in Interfund Payable | 59,302 | | 59,302 | (40,916) |
| Increase/(Decrease) in Accounts Payable | (29,584) | 2,589 | (26,995) | (295,450) |
| Increase/(Decrease) in Compensated Absences | | | | (1,650) |
| Increase/(Decrease) in Unearned Revenue | 4,452 | 485 | 4,937 | 370 |
| Net Cash Provided by Investing Activities | 101,225 | (624) | 100,601 | (44,794) |
| Net Cash Used by Operating Activities | \$ (356,650) | \$ 18,367 | \$ (338,283) | \$ (370,390) |

PITTSBORO TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2018
(with comparative totals for June 30, 2017)

| | Business Services Internal Service Fund | Internet Access Internal Service Fund | Distance Learning Hub Service Fund | Transportation Jointures Internal Service Fund | Paper Services Internal Service Fund | Art Academy School | Transportation Maintenance Services | Custodial Services Community Service Fund | Aides Service Fund | Totals | |
|---------------------------------------|--|--|---|---|---|--------------------------|---|--|--------------------------|-------------------|-------------------|
| | | | | | | | | | | 2018 | 2017 |
| ASSETS | | | | | | | | | | | |
| Cash | \$ 29,089 | \$ | \$ | \$ 43,409 | \$ 112,616 | \$ 222,151 | \$ | \$ 53,806 | \$ 413 | \$ 461,484 | \$ 565,028 |
| Accounts Receivable | | | | | | | | | | | |
| Intergovernmental | | 2,490 | | | | 93,458 | | | | 95,948 | 115,651 |
| Interfund | | | | | 50,393 | | | | | 50,393 | 47,903 |
| Other | | | | 4,494 | | | | | | 4,494 | |
| Inventory | | | | | | | | | | | 52,978 |
| Total Assets | \$ 29,089 | \$ 2,490 | \$ | \$ 47,903 | \$ 163,009 | \$ 315,609 | \$ | \$ 53,806 | \$ 413 | \$ 612,319 | \$ 781,560 |
| LIABILITIES AND RESERVES | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts Payable | \$ 170 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ 170 | \$ 878 |
| Interfunds Payable | | 2,490 | | 47,903 | | | | | 413 | 50,806 | 47,903 |
| Other Current Liabilities | | | | | | | | | | | 51,616 |
| Unearned Revenue | 28,919 | | | | 163,009 | 307,891 | | 53,806 | | 553,625 | 681,138 |
| | 29,089 | 2,490 | | 47,903 | 163,009 | 307,891 | | 53,806 | 413 | 604,601 | 781,535 |
| Reserves: | | | | | | | | | | | |
| Reserve for Encumbrances | | | | | | 7,718 | | | | 7,718 | 25 |
| Total Liabilities and Reserves | \$ 29,089 | \$ 2,490 | \$ | \$ 47,903 | \$ 163,009 | \$ 315,609 | \$ | \$ 53,806 | \$ 413 | \$ 612,319 | \$ 781,560 |

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(with comparative totals for June 30, 2017)

| | Business Services Internal Service Fund | Internet Access Service Fund | Distance Learning Hub Service Fund | Transportation Jointures Internal Service Fund | Paper Services Internal Service Fund | Art Academy Fund | Transportation Maintenance Services | Custodial Services Internal Service Fund | Aides Service Fund | Totals | |
|---|--|------------------------------------|---|---|---|------------------------|---|---|--------------------------|------------|------------|
| | | | | | | | | | | 2018 | 2017 |
| REVENUE: | | | | | | | | | | | |
| Service Charges | \$ 127,308 | \$ 9,960 | \$ | \$ 48,726 | \$ 2,198 | \$ 469,291 | \$ 26,925 | \$ 43,045 | \$ | \$ 727,453 | \$ 851,744 |
| Total | 127,308 | 9,960 | | 48,726 | 2,198 | 469,291 | 26,925 | 43,045 | | 727,453 | 851,744 |
| EXPENDITURES: | | | | | | | | | | | |
| Salaries | 148,627 | | | 48,726 | | 359,750 | 26,925 | | 587 | 584,615 | 632,149 |
| Employee Benefits | 5,795 | | | | | | | | | 5,795 | 7,106 |
| Equipment | | | | | | | | | | | 177,823 |
| Purchased Professional/Technical Services | 1,400 | 9,600 | | | | 2,126 | | | | 13,126 | 8,337 |
| Other Purchased Services | 461 | | | | | 7,914 | | | | 8,375 | 60,387 |
| Supplies and Materials | | 43,926 | | | | 21,396 | | 19,642 | | 84,964 | 49,128 |
| Miscellaneous Other Costs | 5,151 | | | | 2,610 | | | | 27,965 | 35,726 | 108,508 |
| Total Expenditures | 161,434 | 53,526 | | 48,726 | 2,610 | 391,186 | 26,925 | 19,642 | 28,552 | 732,601 | 1,043,438 |
| Excess of Revenue over Expenditures | (34,126) | (43,566) | | | (412) | 78,105 | | 23,403 | (28,552) | (5,148) | (191,694) |
| Non-operating Revenues: | | | | | | | | | | | |
| Transfer to Unearned Revenue | 34,101 | 43,566 | | | 412 | (70,387) | | (23,403) | 28,552 | 12,841 | 132,922 |
| Cancellation of Accounts Receivable | | | | | | | | | | | |
| Cancellation of Accounts Payable | | | | | | | | | | | |
| Transfer to General Fund | | | | | | | | | | | |
| Reserve for Encumbrance-Beginning | 25 | | | | | | | | | 25 | 58,797 |
| Reserve for Encumbrance-Ending | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,718 | \$ - | \$ - | \$ - | \$ 7,718 | \$ 25 |

**PITTSBURGH TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(with comparative totals for June 30, 2017)**

| | Business | Internet | Distance | Transportation | Paper | Art | Transportation | Custodial | Aides | Totals | |
|--|---|---------------------------------------|-----------------------------|---------------------------------------|--------------------------------------|------------|-------------------------|--------------------------------------|-------------|-----------------|--------------|
| | Services Internal Service Fund | Access Internal Service Fund | Learning Service Fund | Jointures Internal Service Fund | Services Internal Service Fund | | Maintenance Services | Services Internal Service Fund | | Service Fund | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts from customers and other funds | \$ 127,308 | \$ 9,960 | | \$ 48,726 | \$ 2,198 | \$ 469,291 | \$ 26,925 | \$ 43,045 | | \$ 727,453 | \$ 851,744 |
| Payments to employees | (183,436) | | | (46,531) | | (367,449) | (26,925) | | (587) | (624,928) | (369,442) |
| Payments for employee benefits | (5,795) | | | | | | | | | (5,795) | (7,106) |
| Payments to suppliers | (7,012) | (190,257) | | | (14,307) | 47,320 | | 7,658 | (27,965) | (184,563) | (558,027) |
| Net cash provided by (used for) operating activities | (68,935) | (180,297) | | 2,195 | (12,109) | 149,162 | | 50,703 | (28,552) | (87,833) | (82,831) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | | | | |
| State sources | | | | | | | | | | | |
| Federal sources | | | | | | | | | | | |
| Operating subsidies and transfers to other funds | 34,101 | 43,566 | | | 412 | (70,387) | | (23,403) | | (15,711) | 132,922 |
| Net cash provided by (used for) non-capital financing activities | 34,101 | 43,566 | | | 412 | (70,387) | | (23,403) | | (15,711) | 132,922 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | | | | | |
| Change in capital contributions | | | | | | | | | | | |
| Purchases of capital assets | | | | | | | | | | | |
| Gain/Loss on sale of fixed assets (proceeds) | | | | | | | | | | | |
| Net cash provided by (used for) capital and related financing activities | | | | | | | | | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Interest and dividends | | | | | | | | | | | |
| Proceeds from sale/maturities of investments | | | | | | | | | | | |
| Net cash provided by (used for) investing activities | | | | | | | | | | | |
| Net increase (decrease) in cash and cash equivalents | (34,834) | (136,731) | | 2,195 | (11,697) | 78,775 | | 27,300 | (28,552) | (103,544) | 50,091 |
| Balances—beginning of year | 63,923 | 136,731 | | 41,214 | 124,313 | 143,376 | | 26,506 | 28,965 | 565,028 | 514,937 |
| Balances—end of year | \$ 29,089 | \$ - | \$ - | \$ 43,409 | \$ 112,616 | \$ 222,151 | \$ - | \$ 53,806 | \$ 413 | \$ 461,484 | \$ 565,028 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | | | | | | | |
| Operating income (loss) | \$ (34,126) | \$ (43,566) | \$ - | \$ - | \$ (412) | \$ 78,105 | \$ - | \$ 23,403 | \$ (28,552) | \$ (5,148) | \$ (191,694) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | | | | | | | | | |
| Depreciation and net amortization | | 16,816 | | 2,195 | | (7,699) | | 3,897 | | 15,209 | 264,070 |
| (Increase) decrease in Accounts Receivable, net | | | | | (2,490) | | | | | (2,490) | (16,793) |
| (Increase) decrease in Interfund Receivable | | | | | 52,978 | | | | | 52,978 | |
| (Increase) decrease in Inventory | | | | | | | | | | 2,490 | (82,544) |
| Increase (decrease) in Interfund Payable | (708) | 2,490 | | | | | | | | (708) | 878 |
| Increase (decrease) in Accounts Payable | (34,076) | (104,446) | | | (62,185) | 78,756 | | 23,403 | | (98,548) | (56,773) |
| Increase (decrease) in Unearned Revenue | (25) | (51,591) | | | | | | | | (51,616) | 25 |
| Increase (decrease) in Other Current Liabilities | | | | | | | | | | | |
| Total adjustments | (34,809) | (136,731) | | 2,195 | (11,697) | 71,057 | | 27,300 | | (82,685) | 108,863 |
| Net cash provided by (used for) operating activities | \$ (68,935) | \$ (180,297) | \$ - | \$ 2,195 | \$ (12,109) | \$ 149,162 | \$ - | \$ 50,703 | \$ (28,552) | \$ (87,833) | \$ (82,831) |

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

PITTSBORO TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

(with comparative totals for June 30, 2017)

| | Non- Expendable Trust Scholarship | Agency | | Totals | |
|---|--|---------------------|------------------|-------------------|-------------------|
| | | Student Activity | Payroll | 2018 | 2017 |
| ASSETS: | | | | | |
| Cash and Cash Equivalents Due from General Fund | \$ 95,963 | \$ 154,235 | \$ 33,773 | \$ 283,971 | \$ 280,221 21 |
| Total Assets | <u>\$ 95,963</u> | <u>\$ 154,235</u> | <u>\$ 33,773</u> | <u>\$ 283,971</u> | <u>\$ 280,242</u> |
| LIABILITIES, RESERVES AND NET POSITION: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 2,100 | \$ | \$ | \$ 2,100 | \$ |
| Due to Student Groups | | 154,235 | | 154,235 | 172,565 |
| Payroll Deductions and Withholdings | | | 33,769 | 33,769 | 15,996 |
| Due to General Fund | | | 4 | 4 | |
| Total Liabilities | <u>2,100</u> | <u>154,235</u> | <u>33,773</u> | <u>190,108</u> | <u>188,561</u> |
| Net Position: | | | | | |
| Held in Trust for Unemployment Claims and Other Purposes | 93,863 | | | 93,863 | 91,681 |
| Total Net Position | <u>93,863</u> | | | <u>93,863</u> | <u>91,681</u> |
| Total Liabilities, Reserves and Net Position | <u>\$ 95,963</u> | <u>\$ 154,235</u> | <u>\$ 33,773</u> | <u>\$ 283,971</u> | <u>\$ 280,242</u> |

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|----------------------------|------------------|------------------|
| OPERATING REVENUE: | | |
| Local Sources: | | |
| Contributions | \$ 4,000 | \$ 2,000 |
| Interest on Investments | 282 | 279 |
| Total Operating Revenues | <u>4,282</u> | <u>2,279</u> |
| OPERATING EXPENSES: | | |
| Scholarship Expenditures | 2,100 | 2,200 |
| Total Operating Expenses | <u>2,100</u> | <u>2,200</u> |
| Operating Income (Loss) | <u>2,182</u> | <u>79</u> |
| Net Income (Loss) | 2,182 | 79 |
| Net Position, July 1 | <u>91,681</u> | <u>91,602</u> |
| Net Position, June 30 | <u>\$ 93,863</u> | <u>\$ 91,681</u> |

PITTSGROVE 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 | Accounts Receivable June 30, 2018 | Accounts Payable June 30, 2018 | Balance June 30, 2018 |
|---|---------------------------------|--------------------------|-------------------------------|--|---|--------------------------------------|
| ELEMENTARY SCHOOLS: | | | | | | |
| Middle | \$ 15,689 | \$ 75,941 | \$ 72,832 | \$ | \$ | \$ 18,798 |
| Norma | 14,802 | 2,347 | 2,536 | | | 14,613 |
| Olivet | 13,317 | 18,739 | 20,921 | | | 11,135 |
| Elmer | 1,765 | 3,481 | 3,982 | | | 1,264 |
| Total Elementary Schools | <u>55,068</u> | <u>100,508</u> | <u>100,271</u> | | | <u>45,810</u> |
| SENIOR HIGH SCHOOL: | | | | | | |
| Arthur P. Schalick - Field Trips | 10 | 1,397 | 1,397 | | | 10 |
| Arthur P. Schalick | 126,411 | 316,380 | 334,889 | | | 107,902 |
| Total Senior High Schools | <u>107,070</u> | <u>317,777</u> | <u>336,286</u> | | | <u>107,912</u> |
| OTHER STUDENT ACTIVITIES: | | | | | | |
| Arthur P. Schalick High School Athletic Fund | 571 | 79,310 | 79,368 | | | 513 |
| Total Other Student Activities: | <u>571</u> | <u>79,310</u> | <u>79,368</u> | | | <u>513</u> |
| Total All Schools | <u>\$ 172,565</u> | <u>\$ 497,595</u> | <u>\$ 515,925</u> | <u>\$</u> | <u>\$</u> | <u>\$ 154,235</u> |

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

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|-------------------------------------|-------------------------------------|---------------------|---------------------|--------------------------------------|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 15,975 | \$ 8,311,527 | \$ 8,293,729 | \$ 33,773 |
| Due from General Fund | 21 | | 21 | |
| Total Assets | <u>\$ 15,996</u> | <u>\$ 8,311,527</u> | <u>\$ 8,293,750</u> | <u>\$ 33,773</u> |
| LIABILITIES: | | | | |
| Payroll Deductions and Withholdings | \$ 15,996 | \$ 8,311,502 | \$ 8,293,729 | \$ 33,769 |
| Due to General Fund | | 4 | | 4 |
| Total Liabilities | <u>\$ 15,996</u> | <u>\$ 8,311,506</u> | <u>\$ 8,293,729</u> | <u>\$ 33,773</u> |

LONG-TERM DEBT SCHEDULES

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

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

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance July 1, 2017</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2018</u> |
|---|----------------------|------------------------|--------------------------|---------------|----------------------|-----------------------------|---------------|----------------|------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | | |
| Refunding Bonds of 2009 to refund Series 1999 above | 5/1/09 | \$ 4,850,000 | 11/1/18-19 | \$ 345,000 | 5.00% | \$ 2,400,000 | \$ | \$ 345,000 | \$ 2,055,000 |
| | | | 11/1/20-21 | 345,000 | 4.25% | | | | |
| | | | 11/01/22 | 340,000 | 4.25% | | | | |
| | | | 11/01/23 | 335,000 | 4.25% | | | | |
| 2009 Various Capital Expenditures | 12/18/09 | \$ 1,856,000 | 6/30/19 | 110,000 | 3.75% | 1,466,000 | \$ | 100,000 | 1,366,000 |
| | | | 6/30/20 | 120,000 | 3.75% | | | | |
| | | | 6/30/21 | 130,000 | 3.75% | | | | |
| | | | 6/30/22 | 140,000 | 3.75% | | | | |
| | | | 6/30/23 | 155,000 | 4.00% | | | | |
| | | | 6/30/24 | 160,000 | 4.00% | | | | |
| | | | 6/30/25 | 170,000 | 4.00% | | | | |
| | | | 6/30/26 | 185,000 | 4.00% | | | | |
| 6/30/27 | 196,000 | 4.00% | | | | | | | |

PITTSGROVE 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</u> | | <u>Interest Rate</u> | <u>Balance July 1, 2017</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2018</u> |
|-----------------------------------|----------------------|------------------------|--------------------------|---------------|----------------------|-----------------------------|---------------|-------------------|------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | | |
| 2013 Refunding Issue | 3/20/13 | \$ 1,805,000 | 3/1/19 | \$ 140,000 | 2.00% | \$ 1,405,000 | \$ | \$ 135,000 | \$ 1,270,000 |
| | | | 3/1/20 | 140,000 | 2.00% | | | | |
| | | | 3/1/21 | 165,000 | 3.00% | | | | |
| | | | 3/1/22 | 170,000 | 3.00% | | | | |
| | | | 3/1/23 | 180,000 | 3.00% | | | | |
| | | | 3/1/24 | 235,000 | 3.00% | | | | |
| | | | 3/1/25 | 240,000 | 3.00% | | | | |
| Total Regular Serial Bonds | | | | | | <u>\$ 5,271,000</u> | <u>\$</u> | <u>\$ 580,000</u> | <u>\$ 4,691,000</u> |

PITTSBORO TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2018

| <u>Series</u> | <u>Interest Rate Payable</u> | <u>Amount of Original Issue</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> |
|--|--------------------------------------|---|---|------------------------------------|-------------------------------------|---|
| Lease # 40099825 Refinancing | 2.75% | 1,815,080 \$ | 759,228 \$ | | 374,466 \$ | 384,762 |
| Lease # 40099826 Refinancing | 2.75% | 493,774 | 99,396 | | 99,396 | |
| Lease -5 Buses #40121969 | 2.05% | 438,537 | 368,948 | | 368,948 | |
| Lease # 40121969 Refinancing | 2.01% | | | 380,412 | | 380,412 |
| Lease -5 Buses #40121969 | 2.09% | 548,989 | 475,344 | | 75,184 | 400,160 |
| Lease - Chromebooks and Processor #401221970 | 1.40% | 203,557 | 67,848 | | 67,848 | |
| Lease - Vehicles, Chromebooks and Processor #077-00019910-001 | 2.08% | 184,000 | 148,701 | | 36,034 | 112,667 |
| Lease - Computers | 1.45% | 171,567 | 171,567 | | 56,369 | 115,198 |
| Lease - Vehicles | 1.50% | 581,411 | 581,411 | | 112,849 | 468,562 |
| Lease -HVAC/Comp Equipment | 2.32% | 312,509 | | 312,509 | | 312,509 |
| Totals | | | <u>\$ 2,672,443</u> | <u>\$ 692,921</u> | <u>\$ 1,191,094</u> | <u>\$ 2,174,270</u> |
| | | | | \$ | \$ | |
| | | | | 368,948 | 523,977 | |
| | | | | 11,464 | 368,948 | |
| | | | | 312,509 | 298,169 | |
| | | | | <u>\$ 692,921</u> | <u>\$ 1,191,094</u> | |

PITTSGROVE 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 | \$ 518,217 | \$ | \$ 518,217 | \$ 518,217 | \$ |
| State Sources: | | | | | |
| Debt Service Aid Type II | 258,411 | | 258,411 | 258,411 | |
| Total Revenues | <u>776,628</u> | | <u>776,628</u> | <u>776,628</u> | |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest on Bonds | 196,628 | | 196,628 | 196,628 | |
| Redemption of Principal | 580,000 | | 580,000 | 580,000 | |
| Total Expenditures | <u>776,628</u> | | <u>776,628</u> | <u>776,628</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 | \$ | \$ | \$ | \$ | \$ |

STATISTICAL SECTION

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

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 6,573,146 | \$ 4,898,127 | \$ 6,760,829 | \$ 6,745,097 | \$ 7,022,729 | \$ 6,724,953 | \$ 6,458,397 | \$ 6,055,089 | \$ 5,909,343 | \$ 6,110,740 |
| Restricted | 1,175,800 | (156,922) | 728,346 | 1,194,025 | 712,709 | 524,090 | 572,139 | 1,144,205 | 87,502 | 594,136 |
| Unrestricted (Deficit) | (1,445,934) | 27,182 | (1,587,578) | (1,484,352) | (1,474,560) | (1,821,546) | (9,634,484) | (9,528,281) | (9,991,251) | (9,519,115) |
| Total Governmental Activities Net Position | \$ 6,303,012 | \$ 4,768,387 | \$ 5,901,597 | \$ 6,454,770 | \$ 6,260,878 | \$ 5,427,497 | \$ (2,603,948) | \$ (2,328,987) | \$ (3,994,406) | \$ (2,814,239) |
| Business-Type Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ | \$ | \$ | \$ 20,045 | \$ 35,724 | \$ 37,274 | \$ 51,950 | \$ 78,134 | \$ 93,204 | \$ 89,576 |
| Unrestricted | 51,409 | 39,769 | 21,562 | 40,464 | 20,110 | 117,027 | 119,341 | 185,726 | 225,883 | 195,059 |
| Total Business-Type Activities Net Position | \$ 51,409 | \$ 39,769 | \$ 21,562 | \$ 60,509 | \$ 55,834 | \$ 154,301 | \$ 171,291 | \$ 263,860 | \$ 319,087 | \$ 284,635 |
| District-Wide | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 6,573,146 | \$ 4,898,127 | \$ 6,760,829 | \$ 6,765,142 | \$ 7,058,453 | \$ 6,762,227 | \$ 6,510,347 | \$ 6,133,223 | \$ 6,002,547 | \$ 6,200,316 |
| Restricted | 1,175,800 | (156,922) | 728,346 | 1,194,025 | 712,709 | 524,090 | 572,139 | 1,144,205 | 87,502 | 594,136 |
| Unrestricted (Deficit) | (1,394,525) | 66,951 | (1,566,016) | (1,443,888) | (1,454,450) | (1,704,519) | (9,515,143) | (9,342,555) | (9,765,368) | (9,324,056) |
| Total District-Wide Net Position | \$ 6,354,421 | \$ 4,808,156 | \$ 5,923,159 | \$ 6,515,279 | \$ 6,316,712 | \$ 5,581,798 | \$ (2,432,657) | \$ (2,065,127) | \$ (3,675,319) | \$ (2,529,604) |

Source: CAFR Schedule A-1

PITTSBORO TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(UNAUDITED)

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|-------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|-------------------|---------------------|--------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 1,059,301 | \$ 543,765 | \$ 244,210 | \$ 607,456 | \$ 562,392 | \$ | \$ | \$ | \$ | \$ |
| Capital Reserve | | | | | | 2,721 | 2,731 | 2,741 | 2,751 | 2,761 |
| Maintenance Reserve | | | | | | | | | | 400,000 |
| Excess Surplus | | | | | | | | | | 97,512 |
| Assigned: | | | | | | | | | | |
| Year-end Encumbrances | | | | | | 155,349 | 67,770 | 652,943 | 36,765 | 490,444 |
| Subsequent Year's Expenditures | | | | | | 200,000 | 338,000 | 338,000 | | 225,000 |
| Unassigned | (756,755) | (1,032,703) | (806,569) | (700,726) | (778,052) | (810,199) | (855,638) | (685,522) | (614,089) | (701,755) |
| Total General Fund | \$ 302,546 | \$ (488,938) | \$ (562,359) | \$ (93,270) | \$ (215,660) | \$ (452,129) | \$ (447,137) | \$ 308,162 | \$ (574,573) | \$ 513,962 |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | \$ | \$ 2,503,077 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Assigned to Permanent Fund | 77,675 | 79,666 | 82,199 | 91,252 | 90,980 | 93,288 | 91,322 | 91,602 | 91,681 | 93,863 |
| Unreserved, Reported in: | | | | | | | | | | |
| Special Revenue Fund | (6,930) | (6,930) | (6,930) | (6,930) | (6,930) | (6,930) | (6,930) | (6,930) | (6,930) | (156,999) |
| Capital Projects Fund | 112,254 | (693,611) | 385,035 | 395,953 | 66,265 | 66,265 | 65,849 | 65,849 | | |
| Debt Service Fund | 3 | 23,832 | 23,832 | 2 | 2 | 13,397 | 13,397 | | | |
| Total All Other Governmental Funds | \$ 183,002 | \$ 1,906,034 | \$ 484,136 | \$ 480,277 | \$ 150,317 | \$ 166,020 | \$ 163,638 | \$ 150,521 | \$ 84,751 | \$ (63,136) |

Source: CAFR Schedule B-1

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

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------------|-------------------|-----------------------|-------------------|---------------------|---------------------|-------------------|-------------------|---------------------|-------------------|
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 8,794,265 | \$ 9,080,155 | \$ 9,066,920 | \$ 9,056,948 | \$ 9,432,954 | \$ 9,545,169 | \$ 9,800,064 | \$ 10,269,183 | \$ 10,551,054 | \$ 12,795,929 |
| Tuition Charges | 1,578,018 | 1,663,587 | 2,766,329 | 3,030,411 | 3,034,238 | 3,168,286 | 3,126,181 | 3,133,105 | 3,071,329 | 32,303 |
| Tuition from State of New Jersey | | | | 9,593 | | | 24,465 | 32,243 | 46,585 | |
| Rent | | | | | | | | | | |
| Interest Earnings | 30,284 | 24,855 | 17,399 | 11,597 | 6,772 | 6,478 | 7,005 | 7,698 | 8,716 | 10,747 |
| Miscellaneous | 267,644 | 207,616 | 220,085 | 260,398 | 356,756 | 174,358 | 226,903 | 199,448 | 69,463 | 402,994 |
| State Sources | 14,213,812 | 12,974,281 | 15,606,741 | 15,317,128 | 15,651,284 | 15,902,514 | 16,284,981 | 16,871,710 | 17,221,406 | 20,807,967 |
| Federal Sources | 800,166 | 2,991,516 | 878,576 | 1,253,393 | 802,672 | 854,180 | 779,501 | 920,554 | 814,961 | 865,380 |
| Local Sources | | | | | | | | | | |
| Total Revenues | 25,684,189 | 26,942,010 | 28,556,050 | 28,939,468 | 29,284,676 | 29,650,985 | 30,249,100 | 31,433,941 | 31,783,514 | 34,915,320 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 8,096,231 | 8,190,926 | 7,659,818 | 7,583,063 | 7,900,047 | 8,015,101 | 7,778,021 | 7,783,812 | 8,064,806 | 8,684,505 |
| Special Education Instruction | 1,477,034 | 1,754,533 | 1,976,525 | 1,997,959 | 2,090,259 | 2,216,980 | 2,391,672 | 2,493,545 | 2,221,725 | 2,458,914 |
| Other Special Instruction | 261,667 | 201,808 | 265,475 | 398,908 | 265,282 | 422,846 | 364,830 | 468,101 | 423,650 | 192,246 |
| Other Instruction | 444,710 | 411,566 | 335,613 | 375,583 | 378,190 | 385,895 | 421,645 | 447,970 | 441,349 | 454,021 |
| Support Services | | | | | | | | | | |
| Tuition | 460,091 | 573,628 | 604,526 | 515,590 | 507,683 | 663,762 | 898,077 | 550,426 | 1,171,860 | 1,287,032 |
| Student and Instruction Related Services | 2,753,777 | 2,930,502 | 2,809,023 | 2,889,590 | 3,013,574 | 3,105,515 | 3,290,208 | 3,448,661 | 3,341,676 | 3,907,244 |
| School Administrative Services | 979,112 | 990,849 | 1,135,057 | 1,131,465 | 1,140,257 | 1,132,564 | 1,087,235 | 1,058,494 | 1,033,114 | 967,347 |
| General Administrative Services | 509,884 | 648,049 | 559,092 | 525,446 | 541,473 | 655,238 | 661,002 | 667,221 | 633,248 | 601,472 |
| Central Services and Information Tech | 767,403 | 786,096 | 693,832 | 770,183 | 754,783 | 724,659 | 699,196 | 712,756 | 643,509 | 677,155 |
| Plant Operations and Maintenance | 2,499,609 | 2,410,917 | 2,508,084 | 2,580,069 | 2,709,377 | 2,589,199 | 2,576,302 | 2,633,953 | 2,614,841 | 2,510,690 |
| Pupil Transportation | 1,223,458 | 1,357,368 | 1,262,832 | 1,528,691 | 1,741,610 | 1,572,887 | 1,545,518 | 1,586,525 | 1,802,630 | 2,125,561 |
| Business and Other Support Services | | | | | | | | | | |
| Unallocated Employee Benefits | 5,549,810 | 6,124,014 | 5,938,758 | 6,267,598 | 6,658,694 | 7,123,962 | 7,318,839 | 7,655,912 | 9,032,401 | 8,903,900 |
| Special Schools | 73,440 | 56,746 | 101,308 | 93,866 | 91,592 | 96,324 | 30,078 | 43,448 | | |
| Capital Outlay | 1,224,172 | 856,466 | 3,291,389 | 1,929,261 | 907,015 | 312,914 | 375,761 | 1,265,405 | 1,575,280 | 720,232 |
| Debt Service | | | | | | | | | | |
| Principal | 478,078 | 534,929 | 536,923 | 579,021 | 611,278 | 578,648 | 530,000 | 550,000 | 560,000 | 580,000 |
| Interest and Other Charges | 378,668 | 296,895 | 362,114 | 339,215 | 319,631 | 266,240 | 250,628 | 235,428 | 218,028 | 196,628 |
| Total Expenditures | 27,177,144 | 28,125,292 | 30,040,369 | 29,505,508 | 29,630,745 | 29,862,734 | 30,219,012 | 31,601,657 | 33,778,117 | 34,266,947 |
| Excess (Deficiency) of Revenues | | | | | | | | | | |
| Over (Under) Expenditures | (1,492,955) | (1,183,282) | (1,484,319) | (566,040) | (346,069) | (211,749) | 30,088 | (167,716) | (1,994,603) | 648,373 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfer to Charter School | | | | (41,906) | (183,845) | (9,017) | (27,478) | (26,648) | (26,615) | (20,234) |
| Capital Lease (Non-budgeted) | 611,456 | 269,830 | | 1,133,056 | 114,121 | | | 936,546 | 1,191,515 | 312,509 |
| Cancellation of State Aid | | | | | | | | | (118,802) | |
| Bond Proceeds | | 1,856,000 | | | | | | | | |
| Transfers | (50,476) | (11,000) | (11,000) | (59,880) | (36,557) | | | | | |
| Total Other Financing Sources (Uses) | 560,980 | 2,114,830 | (11,000) | 1,031,270 | (106,281) | (9,017) | (27,478) | 909,898 | 1,046,098 | 292,275 |
| Net Change in Fund Balances | \$ (931,975) | \$ 931,548 | \$ (1,495,319) | \$ 465,230 | \$ (452,350) | \$ (220,766) | \$ 2,610 | \$ 742,182 | \$ (948,505) | \$ 940,648 |
| Debt Service as a Percentage of | | | | | | | | | | |
| Noncapital Expenditures | 3.3% | 3.1% | 3.4% | 3.3% | 3.2% | 2.9% | 2.6% | 2.6% | 2.4% | 2.3% |

Source: CAFR Schedule B-2

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

| Fiscal Year Ended June 30, | Interest on Investments | Tuition Revenue | Rentals and Use of Facilities | Prior Year Tuition | Services to Other LEAs | Refund of Prior Year Expenditure | Insurance Refunds and Settlement | Athletic Receipts | Energy Admin Fee | Sale of Paper | Misc. | Total |
|---|------------------------------------|----------------------------|--|-------------------------------|---------------------------------------|---|---|------------------------------|---------------------------------|--------------------------|--------------|--------------|
| 2018 | \$ 10,465 | \$ 32,303 | \$ 4,800 | \$ 96,426 | | \$ 25,922 | | \$ 11,442 | \$ 36,981 | | \$ 192,861 | \$ 411,200 |
| 2017 | 8,338 | 3,117,914 | 2,582 | | | | | 13,662 | 22,457 | | (6,334) | 3,158,619 |
| 2016 | 7,307 | 3,165,348 | 185 | 23,911 | 3,260 | 45,349 | 17,175 | 15,482 | 45,402 | | 41,682 | 3,365,101 |
| 2015 | 6,611 | 3,150,646 | 2,480 | | | 3,858 | 512 | 15,373 | 37,266 | 52,000 | 100,173 | 3,368,919 |
| 2014 | 6,044 | 3,168,286 | 1,260 | | | 29,604 | 11,118 | 19,137 | 43,614 | 52,000 | 11,995 | 3,343,058 |
| 2013 | 6,375 | 3,034,238 | 2,200 | 27,200 | 109,713 | 2,099 | 237 | 13,901 | 83,173 | 100,383 | 15,839 | 3,395,358 |
| 2012 | 9,998 | 3,040,004 | 5,992 | 21,530 | 107,562 | 24,269 | 982 | 12,776 | 47,735 | | 1,079 | 3,271,927 |
| 2011 | 10,700 | 2,766,329 | 16,288 | 32,977 | 73,900 | 7,926 | 4,341 | 15,028 | 45,651 | | 12,329 | 2,985,469 |
| 2010 | 14,748 | 1,663,587 | 15,792 | 19,205 | 105,917 | 500 | 11,004 | 14,038 | 26,674 | | 3,701 | 1,875,166 |
| 2009 | 27,105 | 1,578,018 | 14,505 | 870 | 130,963 | 17,311 | 32,536 | 15,162 | 38,202 | | 7,091 | 1,861,763 |

Source: District Records

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

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Total Assessed Value | Public Utilities ^a | Net Valuation Taxable | Total Direct School Tax Rate ^b | Estimated Actual (County Equalized Value) |
|---|------------------------|--------------------|------------------|--------------|-------------------|-------------------------------------|--|--------------------------------------|--|--|
| 2018 | \$ 12,104,200 | \$ 484,417,300 | \$ 48,828,100 | \$ 5,482,700 | \$ 48,482,700 | \$ 599,315,000 | \$ 957,416 | \$ 600,272,416 | 1.855 | \$ 655,060,662 |
| 2017 | 13,205,100 | 482,659,900 | 49,940,700 | 5,479,400 | 49,282,900 | 600,568,000 | 968,977 | 601,536,977 | 1.792 | 636,397,160 |
| 2016 | 13,990,600 | 482,332,700 | 50,481,500 | 5,480,300 | 51,421,900 | 603,707,000 | 1,016,133 | 604,723,133 | 1.722 | 634,410,178 |
| 2015 | 14,561,600 | 481,563,100 | 50,877,100 | 5,521,200 | 51,929,100 | 604,452,100 | 1,084,474 | 605,536,574 | 1.657 | 641,500,415 |
| 2014 | 14,454,600 | 481,609,800 | 51,345,600 | 5,533,100 | 52,552,800 | 605,495,900 | 1,063,370 | 606,559,270 | 1.595 | 632,887,385 |
| 2013 | 15,019,300 | 481,690,300 | 51,248,500 | 5,357,000 | 52,672,700 | 605,987,800 | 1,432,898 | 607,420,698 | 1.563 | 640,468,893 |
| 2012 | 15,634,200 | 479,213,600 | 52,128,600 | 5,404,900 | 52,936,800 | 605,318,100 | 1,488,950 | 606,807,050 | 1.524 | 656,677,416 |
| 2011 | 15,819,000 | 479,494,800 | 52,294,400 | 5,540,200 | 52,603,300 | 605,751,700 | 1,527,972 | 607,279,672 | 1.492 | 674,374,498 |
| 2010 | 15,784,300 | 478,832,100 | 53,269,500 | 5,502,600 | 51,823,700 | 605,212,200 | 1,831,644 | 607,043,844 | 1.495 | 711,299,851 |
| 2009 | 16,928,800 | 475,124,900 | 51,948,000 | 5,531,700 | 51,299,600 | 600,833,000 | 1,813,634 | 602,646,634 | 1.482 | 724,793,252 |

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

| Year Ended June 30, | Pittsgrove Township Board of Education | | | Overlapping Rates | | | |
|---------------------|--|--|--------------|---------------------|--------------|----------------------|----------|
| | Basic Rate ^a | General Obligation Debt Service ^b | Total Direct | Pittsgrove Township | Salem County | Municipal Open Space | Total |
| 2018 | \$ 1.780 | \$ 0.075 | \$ 1.855 | \$ 0.329 | \$ 1.299 | \$ 0.010 | \$ 3.493 |
| 2017 | 1.704 | 0.088 | 1.792 | 0.319 | 1.235 | 0.010 | 3.356 |
| 2016 | 1.638 | 0.084 | 1.722 | 0.309 | 1.14 | 0.010 | 3.181 |
| 2015 | 1.572 | 0.085 | 1.657 | 0.299 | 1.06 | 0.010 | 3.026 |
| 2015 | 1.505 | 0.090 | 1.595 | 0.281 | 1.012 | 0.010 | 2.898 |
| 2013 | 1.463 | 0.100 | 1.563 | 0.280 | 1.019 | 0.010 | 2.872 |
| 2012 | 1.427 | 0.097 | 1.524 | 0.261 | 1.019 | 0.015 | 2.819 |
| 2011 | 1.396 | 0.096 | 1.492 | 0.216 | 0.994 | 0.030 | 2.732 |
| 2010 | 1.420 | 0.075 | 1.495 | 0.216 | 1.034 | 0.030 | 2.775 |
| 2009 | 1.406 | 0.076 | 1.482 | 0.216 | 1.068 | 0.030 | 2.796 |

Source: District Records and Municipal Tax Collector

Note:

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

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

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

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

| <u>Taxpayer</u> | <u>2018</u> | | | <u>2009</u> | | |
|-------------------------------|-------------------------------|------------------------|---|-------------------------------|------------------------|---|
| | <u>Taxable Assessed Value</u> | <u>Rank [Optional]</u> | <u>% of Total District Net Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank [Optional]</u> | <u>% of Total District Net Assessed Value</u> |
| Nancy-Lee Inc. | \$ 5,742,000 | 1 | 0.96% | \$ 5,742,000 | 1 | 0.96% |
| LJK Golf LLC | 4,118,400 | 2 | 0.69% | 4,548,200 | 2 | 0.76% |
| Bifulco Brothers | 4,083,100 | 3 | 0.68% | 2,540,300 | 4 | 0.42% |
| Rainbow of NJ | 2,722,400 | 4 | 0.45% | 2,719,000 | 3 | 0.45% |
| Taxpayer #1 | 2,152,800 | 5 | 0.36% | 2,306,700 | 5 | 0.39% |
| Holly Tree Acres MHC | 2,067,100 | 6 | 0.34% | | | |
| Picnic Grove MHC | 1,790,000 | 7 | 0.30% | | | |
| Taxpayer #2 | 1,735,300 | 8 | 0.29% | 1,802,800 | 8 | 0.30% |
| T & T Management, LLC | 1,730,800 | 9 | 0.29% | | | |
| Centerton Real Estate Holding | 1,200,000 | 10 | 0.20% | | | |
| Windover LLC | | | | 2,015,200 | 6 | 0.34% |
| Shree Yogi LLC | | | | 1,926,900 | 7 | 0.32% |
| PAR 3 Management LLC | | | | 1,790,000 | 9 | 0.30% |
| Taxpayer #3 | | | | 1,664,700 | 10 | 0.28% |
| Total | \$ 27,341,900 | | 4.55% | \$ 27,055,800 | | 4.52% |

Source: Municipal Tax Assessor

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

| <u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u> | <u>Taxes Levied</u> <u>for the Fiscal</u> <u>Year</u> | <u>Collected Within the Fiscal</u> <u>Year of the Levy</u> | | <u>Collections in</u> <u>Subsequent</u> <u>Years</u> |
|--|--|---|-------------------------|---|
| | | <u>Amount</u> | <u>% of Levy</u> | |
| 2018 | \$ 12,277,712 | \$ 12,277,712 | 100.00% | \$ |
| 2017 | 10,033,892 | 10,033,892 | 100.00% | |
| 2016 | 9,766,792 | 9,766,792 | 100.00% | |
| 2015 | 9,296,979 | 9,296,979 | 100.00% | |
| 2014 | 9,545,169 | 9,545,169 | 100.00% | |
| 2013 | 9,545,169 | 9,545,169 | 100.00% | |
| 2012 | 9,056,948 | 9,056,948 | 100.00% | |
| 2011 | 9,066,921 | 9,066,921 | 100.00% | |
| 2010 | 9,080,155 | 9,080,155 | 100.00% | |
| 2009 | 8,794,265 | 8,794,265 | 100.00% | |

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

Note:

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

| Fiscal Year Ended June 30, | Governmental Activities | | | Business-Type Activities | | Total District | Percentage of Personal Income | Per Capita ^a |
|----------------------------------|---|-------------------|--------------------------------------|-----------------------------|------------|----------------|-------------------------------------|-------------------------|
| | General Obligation Bonds ^b | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | | | | |
| 2018 | \$ 4,691,000 | \$ 2,174,270 | \$ | \$ | 6,865,270 | 1.69% | \$ 778 * | |
| 2017 | 5,271,000 | 2,672,443 | | | 7,943,443 | 2.05% | 896 | |
| 2016 | 5,831,000 | 2,187,517 | | | 8,018,517 | 2.06% | 901 | |
| 2015 | 6,381,000 | 1,846,717 | | | 8,227,717 | 2.12% | 915 | |
| 2014 | 6,911,000 | 2,456,640 | | | 9,367,640 | 2.41% | 1,032 | |
| 2013 | 7,489,648 | 1,846,717 | | | 9,336,365 | 2.41% | 1,022 | |
| 2012 | 8,024,925 | 2,806,909 | | | 10,831,834 | 2.81% | 1,179 | |
| 2011 | 8,603,946 | 1,785,491 | | | 10,389,437 | 2.69% | 1,119 | |
| 2010 | 9,140,869 | 2,000,764 | | | 11,141,633 | 2.91% | 1,195 | |
| 2009 | 7,819,798 | 2,102,572 | | | 9,922,370 | 2.67% | 1,059 | |

* Estimate

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

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

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

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

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|----------------------------------|---------------------------------|------------|---|--|----------------------------|
| | General Obligation Bonds | Deductions | | | |
| 2018 | \$ 4,691,000 | \$ | \$ 4,691,000 | 0.74% | \$ 529 * |
| 2017 | 5,271,000 | | 5,271,000 | 0.83% | 594 |
| 2016 | 5,831,000 | | 5,831,000 | 0.91% | 655 |
| 2015 | 5,831,000 | | 5,831,000 | 0.91% | 649 |
| 2014 | 6,911,000 | | 6,911,000 | 1.09% | 761 |
| 2013 | 7,489,648 | | 7,489,648 | 1.17% | 820 |
| 2012 | 8,024,925 | | 8,024,925 | 1.22% | 874 |
| 2011 | 8,603,946 | | 8,603,946 | 1.28% | 927 |
| 2010 | 9,140,869 | | 9,140,869 | 1.26% | 978 |
| 2009 | 7,819,798 | | 7,819,798 | 1.08% | 835 |

* Estimate

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

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

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

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

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 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 | | | |
| Pittsgrove Township | \$ 620,720 | | \$ 620,720 |
| Other debt | | | |
| County of Salem - Township's Share | 42,049,364 | 13.1% | 5,500,902 |
| Subtotal, Overlapping Debt | | | <u>6,121,622</u> |
| Pittsgrove Township School District Direct Debt | | | <u>4,691,000</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$ 10,812,622</u></u> |

Sources: Pittsgrove Township Finance Officer and Salem County Finance Office

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2017

| | | |
|---|---------------------------|-------------------------|
| | Equalized Valuation Basis | |
| | 2017 | \$ 656,430,211 |
| | 2016 | 639,723,429 |
| | 2015 | 632,205,941 |
| | [A] | \$ <u>1,928,359,581</u> |
| Average Equalized Valuation of Taxable Property | [A/3] | \$ <u>642,786,527</u> |
| Debt Limit (4% of Average Equalization Value) | [B] | \$ 25,711,461 |
| Net Bonded School Debt | [C] | 4,691,000 |
| Legal Debt Margin | [B-C] | \$ <u>21,020,461</u> |

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt Limit | \$ 28,229,424 | \$ 28,713,938 | \$ 27,866,713 | \$ 27,011,045 | \$ 26,157,926 | \$ 25,656,112 | \$ 25,469,285 | \$ 25,388,673 | \$ 25,487,770 | \$ 25,711,461 |
| Total Net Debt Applicable to Limit | 7,819,798 | 2,010 | 8,603,946 | 8,024,925 | 7,489,648 | 6,911,000 | 6,381,000 | 5,831,000 | 5,271,000 | 4,691,000 |
| Legal Debt Margin | \$ <u>20,409,626</u> | \$ <u>28,711,928</u> | \$ <u>19,262,767</u> | \$ <u>18,986,120</u> | \$ <u>18,668,278</u> | \$ <u>18,745,112</u> | \$ <u>19,088,285</u> | \$ <u>19,557,673</u> | \$ <u>20,216,770</u> | \$ <u>21,020,461</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 27.70% | 0.01% | 30.88% | 29.71% | 28.63% | 26.94% | 25.05% | 22.97% | 20.68% | 18.24% |

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

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

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

| Year | | Population ^a | Personal Income (thousands of dollars) ^b | Per Capita Personal Income ^c | | Unemployment Rate ^d |
|-------------|----|--------------------------------|--|--|----|---|
| 2018 | ** | 8,823 | \$ 406,698,468 | \$ 46,095 | ** | 5.1% |
| 2017 | | 8,864 | 387,507,821 | 45,639 | | 5.3% |
| 2016 | | 8,906 | 389,001,486 | 45,187 | | 5.8% |
| 2015 | | 9,012 | 389,040,390 | 44,269 | | 6.5% |
| 2014 | | 9,084 | 387,394,187 | 42,426 | | 8.2% |
| 2013 | | 9,147 | 385,700,448 | 41,574 | | 9.9% |
| 2012 | | 9,247 | 385,667,100 | 41,193 | | 11.1% |
| 2011 | | 9,317 | 384,352,334 | 41,477 | | 8.7% |
| 2010 | | 9,362 | 371,904,670 | 40,095 | | 9.0% |
| 2009 | | 9,475 | 369,269,175 | 39,445 | | 9.5% |

Source:

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

^b Personal income

^c Per Capita

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

** Estimate

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

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

Source: Salem County Economic Resource Guide

* Salem County

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

| Function/Program | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Instruction | | | | | | | | | | |
| Regular | 135.50 | 127.50 | 145.50 | 128.00 | 129.00 | 129.00 | 130.00 | 103.50 | 112.80 | 108.50 |
| Special education | 25.10 | 25.10 | 13.50 | 25.10 | 26.00 | 26.00 | 33.80 | 32.00 | 27.40 | 34.50 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 36.00 | 38.50 | 33.20 | 38.50 | 38.50 | 38.50 | 31.00 | 36.00 | 32.60 | 35.50 |
| General administrative services | 3.50 | 2.50 | 9.00 | 2.50 | 2.50 | 2.50 | 2.50 | 3.00 | 3.00 | 3.00 |
| School administrative services | 16.00 | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 11.00 | 14.00 | 16.70 | 15.00 |
| Central services | 10.00 | 6.50 | 5.50 | 5.50 | 5.50 | 5.00 | 5.00 | 4.00 | 4.00 | 4.50 |
| Administrative information technology | 4.50 | 4.50 | 1.00 | 4.50 | 4.50 | 4.50 | 2.50 | 2.50 | 2.30 | 2.50 |
| Plant operations and maintenance | 19.00 | 19.00 | 19.75 | 19.00 | 19.00 | 12.00 | 8.00 | 9.50 | 8.00 | 9.00 |
| Pupil transportation | 32.00 | 24.00 | 13.00 | 24.00 | 24.00 | 29.00 | 29.00 | 33.50 | 40.90 | 41.00 |
| Total | 281.60 | 261.60 | 254.45 | 261.10 | 263.00 | 260.50 | 252.80 | 238.00 | 247.70 | 253.50 |

Source: District Personnel Records

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

| Fiscal | Enrollment | Operating Expenditures ⁽¹⁾ | Cost Per Pupil | Percentage Change | Teaching Staff ⁽²⁾ | Pupil/Teacher Ratio | | | | Average Daily Enrollment (ADE) ⁽³⁾ | Average Daily Attendance (ADA) ⁽³⁾ | % Change in Average Daily Enrollment | Student Attendance Percentage |
|--------|------------|---------------------------------------|----------------|-------------------|-------------------------------|---------------------|------------|---------------|-------------|---|---|--------------------------------------|-------------------------------|
| | | | | | | Pre K & K | Elementary | Middle School | High School | | | | |
| 2018 | 1,745 | \$ 33,546,715 | \$ 19,224 | 0.59% | 142.5 | 1:14 | 1:13 | 1:12 | 1:11 | 1,739 | 1,680 | 2.47% | 96.61% |
| 2017 | 1,685 | 32,202,837 | 19,111 | 13.59% | 140.20 | 1:18.0 | 1:13.0 | 1:11.0 | 1:13.0 | 1,697 | 1,642 | -0.93% | 96.76% |
| 2016 | 1,803 | 30,336,252 | 16,825 | 1.54% | 135.50 | 1:17.0 | 1:13.0 | 1:11.0 | 1:13.0 | 1,713 | 1,654 | 2.70% | 96.56% |
| 2015 | 1,801 | 29,843,251 | 16,570 | 1.05% | 155.00 | 1:14.0 | 1:13.0 | 1:13.0 | 01:12.0 | 1,668 | 1,609 | -4.30% | 96.46% |
| 2014 | 1,802 | 29,549,820 | 16,398 | 2.82% | 155.00 | 1:14.0 | 1:13.0 | 1:8.0 | 1:7.0 | 1,743 | 1,678 | 1.36% | 96.27% |
| 2013 | 1,801 | 28,723,730 | 15,949 | 4.97% | 155.00 | 1:14.8 | 1:16.6 | 1:11.4 | 1:11.7 | 1,720 | 1,646 | -1.29% | 95.69% |
| 2012 | 1,815 | 27,576,247 | 15,194 | 7.41% | 26.00 | 1:15.4 | 1:15.2 | 1:12.4 | 1:11.3 | 1,742 | 1,665 | -5.12% | 95.58% |
| 2011 | 1,891 | 26,748,980 | 14,145 | -0.85% | 150.80 | 1:14.5 | 1:11.2 | 1:10.7 | 1:10.4 | 1,836 | 1,753 | 2.91% | 95.48% |
| 2010 | 1,853 | 26,437,002 | 14,267 | 5.12% | 152.60 | 1:14.0 | 1:17.0 | 1:16.0 | 1:15.7 | 1,784 | 1,704 | -0.61% | 95.52% |
| 2009 | 1,849 | 25,096,226 | 13,573 | 8.98% | 166.50 | 1:7.7 | 1:8.8 | 1:9.0 | 1:08.7 | 1,795 | 1,704 | -3.97% | 94.93% |

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

Note: Enrollment based on annual October district count.

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

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

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| District Building | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| Norma School (1953, 1994) | | | | | | | | | | |
| Square Feet | 22,110 | 22,110 | 22,110 | 22,110 | 22,110 | 22,110 | 22,110 | 22,110 | 22,110 | 22,110 |
| Capacity (students) | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 |
| Enrollment | 120.0 | 169.5 | 167.9 | 155.4 | 178.5 | 174.4 | 155.2 | 173.9 | 189.5 | 168.0 |
| Olivet School (1930, 1957, 1966, 1992) | | | | | | | | | | |
| Square Feet | 56,659 | 56,659 | 56,659 | 56,659 | 56,659 | 56,659 | 56,659 | 56,659 | 56,659 | 56,659 |
| Capacity (students) | 630 | 630 | 630 | 630 | 630 | 630 | 630 | 630 | 630 | 630 |
| Enrollment | 457.6 | 347.9 | 340.3 | 342.0 | 362.8 | 367.8 | 384.6 | 406.0 | 425.2 | 441.0 |
| Elmer School | | | | | | | | | | |
| Square Feet | 1,921 | 19,281 | 19,281 | 19,281 | 19,281 | 19,281 | 19,281 | 19,281 | | |
| Capacity (students) | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 158 | | |
| Enrollment | 235.3 | 217.6 | 226.3 | 219.4 | 199.7 | 209.2 | 243.1 | 240.1 | | |
| Middle School | | | | | | | | | | |
| Pittsgrove Middle School (1912, 1999) | | | | | | | | | | |
| Square Feet | 88,473 | 88,473 | 88,473 | 88,473 | 88,473 | 88,473 | 88,473 | 88,473 | 88,473 | 88,473 |
| Capacity (students) | 630 | 630 | 630 | 630 | 630 | 630 | 630 | 630 | 630 | 630 |
| Enrollment | 387.7 | 399.9 | 399.1 | 405.7 | 441.8 | 455.5 | 433.0 | 430.7 | 558.5 | 577.0 |
| High School | | | | | | | | | | |
| Arthur P. Schalick High School (1976) | | | | | | | | | | |
| Square Feet | 112,000 | 112,000 | 112,000 | 112,000 | 112,000 | 112,000 | 112,000 | 112,000 | 112,000 | 112,000 |
| Capacity (students) | 721 | 721 | 721 | 721 | 721 | 721 | 721 | 721 | 721 | 721 |
| Enrollment | 538.1 | 562.1 | 579.8 | 545.4 | 560.5 | 512.7 | 599.2 | 640.5 | 680.0 | 663.0 |
| Other | | | | | | | | | | |
| Maintenance Building (2000) | | | | | | | | | | |
| Square Feet | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 |
| Annex Building (1933, 1942) | | | | | | | | | | |
| Square Feet | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 |
| Board of Education (1989) | | | | | | | | | | |
| Square Feet | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 |
| Round House (1985) | | | | | | | | | | |
| Square Feet | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Number of Schools at JUNE 30, 2018 | | | | | | | | | | |
| Preschool & Kindergarten = 1 | | | | | | | | | | |
| Elementary = 2 | | | | | | | | | | |
| Middle School = 1 | | | | | | | | | | |
| High School = 1 | | | | | | | | | | |

Source: District records, ASSA

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

PITTSGROVE 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> |
|---------------------------|-------------------------------------|-------------------|-------------------|------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| A.P. Schalick High School | 112,000 | \$ 80,408 | \$ 46,781 | \$ 13,610 | \$ 19,115 | \$ 13,740 | \$ 21,923 | \$ 38,062 | \$ 16,324 | \$ 77,483 | \$ 57,478 |
| Pittsgrove Middle School | 88,473 | 88,473 | 19,281 | 6,889 | 21,026 | 5,711 | 6,654 | 3,293 | 8,608 | 12,851 | 21,382 |
| Olivet Elementary School | 56,659 | 54,049 | 19,646 | 100 | 11,158 | 6,873 | 38,560 | 8,709 | 3,126 | 2,581 | 37,634 |
| Elmer Elementary School | 19,281 | 26,362 | 11,287 | 29,255 | 10,192 | 10,060 | 7,947 | 4,811 | 7,504 | | |
| Norma Elementary School | 22,110 | 12,682 | 19,369 | 17,085 | 4,871 | 1,952 | 6,059 | 11,931 | 6,213 | 4,830 | 13,565 |
| Total School Facilities | | <u>261,974</u> | <u>116,364</u> | <u>66,939</u> | <u>66,362</u> | <u>38,336</u> | <u>81,143</u> | <u>66,806</u> | <u>41,775</u> | <u>97,745</u> | <u>130,059</u> |
| Other Facilities | 15,028 | 98,536 | 196,465 | 30,929 | 39,470 | 32,177 | 58,253 | 47,607 | 59,108 | 58,143 | 63,280 |
| Grand Total | | <u>\$ 360,510</u> | <u>\$ 312,829</u> | <u>\$ 97,868</u> | <u>\$ 105,832</u> | <u>\$ 70,513</u> | <u>\$ 139,396</u> | <u>\$ 114,413</u> | <u>\$ 100,883</u> | <u>\$ 155,888</u> | <u>\$ 193,339</u> |

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

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

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

Source: District records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, 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 Pittsgrove Township School District, in the County of Burlington, 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 Pittsgrove Township School District's basic financial statements, and have issued our report thereon dated January 23, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

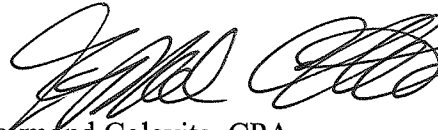
Purpose of this Report

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



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

NIGHTLINGER, COLAVITA & VOLPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of 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 Pittsgrove 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 Pittsgrove Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion, the Board of Education of the Pittsgrove Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the 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 Pittsgrove 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 Pittsgrove Township Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Treasury 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pittsgrove Township School District Board of Education's internal control over compliance.


A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 23, 2019. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB 15-08.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



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

**PITTSBURGH 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 (A) | Adj-ment | Repayment of Prior Year Balance | JUNE 30, 2018 | | Due to Grantor at June 30, 2017 |
|--|-------------|---------------------|----------------------|----------------------|-------------------------|---------------------|------------------|----------------|---------------|---|-------------------------------|----------------------------------|----------|---------------------------------|-----------------------|------------------|---------------------------------|
| | | | | | | Accounts Receivable | Unearned Revenue | Due to Grantor | | | | | | | (Accounts Receivable) | Unearned Revenue | |
| U.S. Department of Education | | | | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | | | | |
| Medical Assistance Program | 93.778 | 1705NJ5MAP | N/A | 7/1/17- 6/30/18 | \$ 22,889 | \$ | \$ | \$ | 22,889 | \$ (22,889) | \$ | \$ (22,889) | \$ | \$ | \$ | \$ | \$ |
| Total U.S. Department of Education | | | | | | | | | | | | | | | | | |
| | | | | | | | | | 22,889 | (22,889) | | (22,889) | | | | | |
| U.S. Department of Agriculture | | | | | | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | | | |
| Non-Cash Assistance: | | | | | | | | | | | | | | | | | |
| Food Distribution Program | 10.565 | Unknown | N/A | 7/1/16- 6/30/17 | 60,791 | | 9,934 | | | (9,934) | | (9,934) | | | | | |
| Food Distribution Program | 10.565 | Unknown | N/A | 7/1/17- 6/30/18 | 51,750 | | | 51,750 | | (48,879) | | (48,879) | | | | 2,871 | |
| Child Nutrition Center: | | | | | | | | | | | | | | | | | |
| Cash Assistance: | | | | | | | | | | | | | | | | | |
| National School Lunch Program | 10.555 | 161NJ304N1099 | N/A | 7/1/16- 6/30/17 | 241,026 | (10,781) | | 10,781 | | | | | | | | | |
| National School Lunch Program | 10.555 | 171NJ304N1099 | N/A | 7/1/17- 6/30/18 | 254,588 | | | 236,905 | | (254,588) | | (254,588) | | | (17,683) | | |
| National School Breakfast Program | 10.553 | 161NJ304N1099 | N/A | 7/1/16- 6/30/17 | 75,537 | (4,265) | | 4,265 | | | | | | | | | |
| National School Breakfast Program | 10.553 | 171NJ304N1099 | N/A | 7/1/17- 6/30/18 | 82,862 | | | 76,099 | | (82,862) | | (82,862) | | | (6,763) | | |
| Special Milk Program | 10.556 | 161NJ304N1099 | N/A | 7/1/17- 6/30/18 | 930 | (59) | | 59 | | | | | | | | | |
| Special Milk Program | 10.556 | 171NJ304N1099 | N/A | 7/1/17- 6/30/18 | 75 | | | 75 | | (75) | | (75) | | | | | |
| Total U.S. Department of Agriculture | | | | | | | | | | | | | | | | | |
| | | | | | | (15,105) | 9,934 | | 379,934 | (396,338) | | (396,338) | | | (24,446) | 2,871 | |
| U.S. Department of Education | | | | | | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | | | |
| Title I | 84.010 | S010A160030 | NCLB415017 | 7/1/16- 6/30/17 | 401,616 | (116,875) | | 116,875 | | | | | | | | | |
| Title I | 84.010 | S010A170030 | NCLB415018 | 7/1/17- 6/30/18 | 397,137 | | | 269,670 | | (364,397) | | (364,397) | | | (94,727) | | |
| IDEA Cluster: | | | | | | | | | | | | | | | | | |
| I.D.E.A. Part B, Basic | 84.027 | H027A170100 | IDEA415018 | 7/1/17- 6/30/18 | 433,382 | | | 398,730 | | (433,382) | | (433,382) | | | (34,652) | | |
| I.D.E.A. Part B, Preschool | 84.173 | H173A170114 | IDEAPS415018 | 7/1/17- 6/30/18 | 10,467 | | | 10,467 | | (10,467) | | (10,467) | | | | | |
| NCLB T-II A | 84.367A | S367A160029 | NCLB415017 | 7/1/16- 6/30/17 | 40,181 | (4,525) | | 4,525 | | | | | | | | | |
| NCLB T-II A | 84.367A | S367A170029 | NCLB415018 | 7/1/17- 6/30/18 | 40,519 | | | 23,786 | | (28,976) | | (28,976) | | | (5,190) | | |
| NCLB Title IV | 84.424 | S424A170031 | NCLB415018 | 7/1/17- 6/30/18 | 10,000 | | | 4,516 | | (5,269) | | (5,269) | | | (753) | | |
| Total U.S. Department of Education | | | | | | | | | | | | | | | | | |
| | | | | | | (121,400) | | | 828,569 | (842,491) | | (842,491) | | | (135,322) | | |
| Total Federal Financial Awards | | | | | | | | | | | | | | | | | |
| | | | | | | \$ (136,505) | \$ 9,934 | \$ | \$ 1,231,392 | \$ (1,261,718) | \$ | \$ (1,261,718) | \$ | \$ | \$ (159,768) | \$ 2,871 | \$ |

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

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

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

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period From To | JUNE 30, 2017 | | | Budgetary Expenditures | Adjustment | Repayment of Prior Year Balance | JUNE 30, 2018 | | MEMO | |
|---|-------------------------------|-------------------------|----------------------|-----------------------|------------------|---------------|------------------------|------------|---------------------------------|-----------------------|------------------|----------------------|-------------------------------|
| | | | | (Accounts Receivable) | Unearned Revenue | Cash Received | | | | (Accounts Receivable) | Unearned Revenue | Budgetary Receivable | Cumulative Total Expenditures |
| State Department of Education: | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | |
| Equalization Aid | 17-495-034-5120-078 | \$10,430,292 | 7/1/16 to 6/30/17 | \$ (1,010,391) | \$ | \$ 1,010,391 | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Equalization Aid | 18-495-034-5120-078 | 11,788,354 | 7/1/17 to 6/30/18 | | | 10,640,070 | (11,788,354) | | | (1,148,284) | | (1,148,284) * | 11,788,354 |
| Transportation Aid | 17-495-034-5120-014 | 729,154 | 7/1/16 to 6/30/17 | (70,537) | | 70,537 | | | | | | | |
| Transportation Aid | 18-495-034-5120-014 | 810,025 | 7/1/17 to 6/30/18 | | | 731,122 | (810,025) | | | (78,903) | | (78,903) * | 810,025 |
| Special Education Categorical Aid | 17-495-034-5120-089 | 837,197 | 7/1/16 to 6/30/17 | (82,352) | | 82,352 | | | | | | | |
| Special Education Categorical Aid | 18-495-034-5120-089 | 979,189 | 7/1/17 to 6/30/18 | | | 883,808 | (979,189) | | | (95,381) | | (95,381) * | 979,189 |
| Security Aid | 17-495-034-5120-084 | 228,815 | 7/1/16 to 6/30/17 | (22,347) | | 22,347 | | | | | | | |
| Security Aid | 18-495-034-5120-084 | 257,217 | 7/1/17 to 6/30/18 | | | 232,162 | (257,217) | | | (25,055) | | (25,055) * | 257,217 |
| Adjustment Aid | 17-495-034-5120-085 | 12,519 | 7/1/16 to 6/30/17 | (1,212) | | 1,212 | | | | | | | |
| Adjustment Aid | 18-495-034-5120-085 | 12,502 | 7/1/17 to 6/30/18 | | | 11,284 | (12,502) | | | (1,218) | | (1,218) * | 12,502 |
| Supplemental Enrollment Growth Aid | 18-495-034-5120-094 | 282,321 | 7/1/17 to 6/30/18 | | | 254,821 | (282,321) | | | (27,500) | | (27,500) * | 282,321 |
| Under Adequacy Aid | 18-495-034-5120-096 | 5,492 | 7/1/17 to 6/30/18 | | | 4,957 | (5,492) | | | (535) | | (535) * | 5,492 |
| School Choice Aid | 17-495-034-5120-068 | 1,267,285 | 7/1/16 to 6/30/17 | (122,580) | | 122,580 | | | | | | | |
| School Choice Aid | 18-495-034-5120-068 | 1,263,968 | 7/1/17 to 6/30/18 | | | 1,140,847 | (1,263,968) | | | (123,121) | | (123,121) * | 1,263,968 |
| PARCC Readiness Aid | 17-495-034-5120-098 | 14,560 | 7/1/16 to 6/30/17 | (1,412) | | 1,412 | | | | | | | |
| PARCC Readiness Aid | 18-495-034-5120-098 | 16,790 | 7/1/17 to 6/30/18 | | | 15,155 | (16,790) | | | (1,635) | | (1,635) * | 16,790 |
| Per Pupil Growth Aid | 17-495-034-5120-097 | 14,560 | 7/1/16 to 6/30/17 | (1,412) | | 1,412 | | | | | | | |
| Per Pupil Growth Aid | 18-495-034-5120-097 | 16,790 | 7/1/17 to 6/30/18 | | | 15,155 | (16,790) | | | (1,635) | | (1,635) * | 16,790 |
| Prof Learning Comm Aid | 17-495-034-5120-101 | | 7/1/16 to 6/30/17 | (1,391) | | 1,391 | | | | | | | |
| Prof Learning Comm Aid | 18-495-034-5120-101 | 16,405 | 7/1/17 to 6/30/18 | | | 14,807 | (16,405) | | | (1,598) | | (1,598) * | 16,405 |
| Additional Adjustment Aid | 17-495-034-5120-085 | | 7/1/16 to 6/30/17 | (322) | | 322 | | | | | | | |
| Additional Adjustment Aid | 18-495-034-5120-085 | 3,317 | 7/1/17 to 6/30/18 | | | 2,994 | (3,317) | | | (323) | | (323) * | 3,317 |
| Extraordinary Aid | 17-100-034-5120-044 | 193,589 | 7/1/16 to 6/30/17 | (201,916) | | 201,916 | | | | | | | |
| Extraordinary Aid | 18-100-034-5120-044 | 243,055 | 7/1/17 to 6/30/18 | | | | (243,055) | | | (243,055) | | * | 243,055 |
| Non-Public Transportation Aid | 17-495-034-5120-014 | 11,483 | 7/1/16 to 6/30/17 | (9,222) | | 9,222 | | | | | | | |
| Non-Public Transportation Aid | 18-495-034-5120-014 | 17,690 | 7/1/17 to 6/30/18 | | | | (17,690) | | | (17,690) | | * | 17,690 |
| Homeless Tuition | N/A | 9,482 | 7/1/17 to 6/30/18 | | | | (9,482) | | | (9,482) | | * | 9,482 |
| Reimbursed TPAF Social Security Contrib. | 17-495-034-5094-003 | 842,466 | 7/1/16 to 6/30/17 | (40,357) | | 40,357 | | | | | | | |
| Reimbursed TPAF Social Security Contrib. | 18-495-034-5094-003 | 887,899 | 7/1/17 to 6/30/18 | | | 887,899 | (887,899) | | | | | * | 887,899 |
| | | | | (1,565,451) | | 16,400,532 | (16,610,496) | | | (1,775,415) | | (1,505,188) | 16,610,496 |
| Special Revenue Fund: | | | | | | | | | | | | | |
| Preschool Education Aid | 17-495-034-5120-086 | 69,300 | 7/1/16 to 6/30/17 | (6,930) | | 6,930 | | | | | | | |
| Preschool Education Aid | 18-495-034-5120-086 | 1,569,986 | 7/1/17 to 6/30/18 | | | 1,412,987 | (1,544,760) | | | (156,999) | 25,226 | (156,999) * | 1,544,760 |
| Teacher Quality Mentoring | 08-495-034-5120-052 | 3,033 | 7/1/07 to 6/30/08 | | 902 | | | (902) | | | | | |
| | | | | (6,930) | 902 | 1,419,917 | (1,544,760) | | (902) | (156,999) | 25,226 | (156,999) | 1,544,760 |
| Debt Service Fund: | | | | | | | | | | | | | |
| Debt Service Aid Type II | 18-495-034-5120-017 | 258,411 | 7/1/17 to 6/30/18 | | | 258,411 | (258,411) | | | | | * | 258,411 |
| State Department of Agriculture: | | | | | | | | | | | | | |
| Enterprise Fund | | | | | | | | | | | | | |
| National School Lunch Program (State Share) | 17-100-010-3350-023 | 6,417 | 7/1/16 to 6/30/17 | (274) | | 274 | | | | | | | |
| National School Lunch Program (State Share) | 18-100-010-3350-023 | 7,201 | 7/1/17 to 6/30/18 | | | 6,713 | (7,201) | | | (488) | | * | 7,201 |
| | | | | (274) | | 6,987 | (7,201) | | | (488) | | | 7,201 |
| Total State Financial Assistance Subject to OMB 15-08 | | | | \$ (1,572,655) | \$ 902 | \$ 18,085,847 | \$ (18,420,868) | \$ | \$ (902) | \$ (1,932,902) | \$ 25,226 | \$ (1,662,187) | \$ 18,162,457 |
| State Financial Assistance Not Subject to OMB 15-08 | | | | | | | | | | | | | |
| On-Behalf TPAF Pension Contribution | 18-495-034-5094-002 | 1,730,468 | 7/1/17 to 6/30/18 | | | \$ 1,730,468 | \$ (1,730,468) | | | | | | |
| On-Behalf TPAF Post Retirement Medical | 18-495-034-5094-001 | 1,117,673 | 7/1/17 to 6/30/18 | | | 1,117,673 | (1,117,673) | | | | | | |
| On-Behalf TPAF Long-term Disability Contrib. | 18-495-034-5094-004 | 2,898 | 7/1/17 to 6/30/18 | | | 2,898 | (2,898) | | | | | | |
| Total State Financial Assistance | | | | | | \$ 20,936,886 | \$ (21,271,907) | | | | | | |

See accompanying notes to schedules of financial assistance

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

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$191,232) for the general fund and (\$265,507) for the special revenue fund. See Note A (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

TOWNSHIP OF PITTSBORO 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 | \$ 22,889 | \$ 19,270,303 | \$ 19,293,192 |
| Special Revenue Fund | 842,491 | 1,279,253 | 2,121,744 |
| Debt Service | | 258,411 | 258,411 |
| Food Service Fund | <u>396,338</u> | <u>7,201</u> | <u>403,539</u> |
| Total Awards & Financial Assistance | \$ <u>1,261,718</u> | \$ <u>20,815,168</u> | \$ <u>22,076,886</u> |

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

Township of Pittsboro School District had no outstanding 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 no adjustments made on Schedule A of Federal Awards and on Schedule B of State Financial Assistance.

PITTSBORO 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
none reported
- 2) Significant deficiencies identified? _____ yes X 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
none reported
- 2) Significant deficiencies identified? _____ Yes X reported

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

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

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>FAIN Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|-----------------------|---|
| 84.010 | S010A170030 | Title I |

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

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

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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? X yes no

Internal control over major programs:

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

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

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

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

Identification of major programs:

| <u>GMIS Number(s)</u> | <u>Name of State Program</u> |
|-----------------------|-------------------------------------|
| 18-495-034-5120-078 | Equalization Aid |
| 18-495-034-5120-089 | Special Education Categorical Aid |
| 18-495-034-5120-084 | Security Aid |
| 18-495-034-5120-098 | PARCC Readiness Aid |
| 18-495-034-5120-097 | Per Pupil Growth Aid |
| 18-495-034-5120-068 | School Choice Aid |
| 18-495-034-5120-085 | Adjustment Aid |
| 18-495-034-5120-094 | Supplemental Enrollment Growth Aid |
| 18-495-034-5120-096 | Under Adequacy Aid |
| 18-495-034-5120-085 | Additional Adjustment Aid |
| 18-495-034-5120-101 | Professional Learning Community Aid |
| 18-495-034-5120-014 | Transportation Aid |
| 18-495-034-5120-086 | Preschool Aid |

**PITTSGROVE 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:

**PITTSBORO 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:

**PITTSGROVE 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

There were no prior year findings.