

**Borough of Pitman School District  
Board of Education  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2019**

**BOROUGH OF PITMAN SCHOOL DISTRICT**

**PITMAN, NEW JERSEY 08071**

**Borough of Pitman School Board of Education  
Pitman, New Jersey 08071**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2019**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

of the

**Borough of Pitman School Board of Education  
Pitman, New Jersey 08071**

**For the Fiscal Year Ended June 30, 2019**

Prepared by:

**Borough of Pitman School  
Board of Education Administration**

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## INTRODUCTORY SECTION



# Pitman Public Schools

420 Hudson Avenue, Pitman, NJ 08071-1094

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*Superintendent of Schools*  
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**Kelly Brazelton, MBA,SFO**

*Business Administrator/ Board Secretary*  
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November 12, 2019

Judy Walker, President  
Members of the Board of Education  
Pitman Public Schools  
420 Hudson Avenue  
Pitman, New Jersey 08071

Dear Board Members:

The comprehensive annual financial report of the Pitman Public School District for the fiscal year ended June 30, 2019, 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. 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 and account groups of the District. All disclosures 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 Independent Auditor's Report, MD&A, and the basic financial statements; including the District-wide fund statements, notes to the financial statements, required supplementary information, other than MD&A, including budgetary comparison schedules, and other supplementary information. The statistical section includes selected financial and demographic information generally presented this year on a multi-year basis. The Pitman School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and the *Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## **1) REPORTING ENTITY AND ITS SERVICES**

The Pitman Public School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Pitman 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 Pre-K through 12. These include regular as well as special education for eligible students (Pre-K through 12). The District completed the 2018-2019 fiscal year with a total enrollment of 1292 students, grades K-12, including 25 out-of-district handicapped student placements, and 270 special education students in District.

**1) REPORTING ENTITY AND ITS SERVICES (CONTINUED)**

In the 2006-2007 school year, the District began providing Child-care (Panther Club) for students ages 4 through Grade 5 at each of the elementary schools, enrolling approximately 75 students. At the end of the 2018-2019 school year, the Panther Club had a total of approximately 175 students participating. The district also had 21 non-resident tuition paid students for the school year.

The increase in labor costs associated with the negotiated agreement with the Pitman Education Association was a major portion of the budget increase. The Pitman Education Association represents approximately 92% of the entire work force. Negotiations were completed as of April 2015 for a five year contract for the 2014/2015 through 2018/2019 school years. At this time the BOE is in negotiations with Pitman Education Association on a new CBA to replace the contract that expired on June 30, 2019

Health insurance also continues to increase. The District had experienced cost increases ranging from 7% to 15% in previous years. Through negotiations, the Pitman Board of Education has been able to implement cost saving measures to offset the increases. These included increasing certain co-pays, as well as providing a payment of up to \$5,000 for individuals who wish to “sell back” their insurance plan. The District also joined a health benefit trust with thirty other districts in 2011-2012 to reduce premium increases. An alternate health insurance plan (higher co-pays and deductible options) is also now offered.

The District authorized a special election for September 29, 2009, to provide for the installation of solar energy at the high school; which is projected to reduce energy costs, as well as provide for a decrease in taxes due to the state’s SREC program.

**ENROLLMENT AS OF JUNE 30**

<b>FISCAL YEAR</b>	<b>TOTAL STUDENT ENROLLMENT</b>
2009-2010	1,598
2010-2011	1,590
2011-2012	1,564
2012-2013	1,544
2013-2014	1,505
2014-2015	1,464
2015-2016	1,430
2016-2017	1,364
2017-2018	1,327
2018-2019	1,292

**Note:** The data reported above is the actual number of students on roll at the close of school as opposed to "average daily enrollment" which is listed in the statistical data section of this report.

**2) ECONOMIC CONDITION AND OUTLOOK**

In March 2011, the community experienced a major setback with the closing of the Sony DADC manufacturing plant, resulting in the loss of approximately 400 jobs. Sony DADC, which manufactured CD’s and DVD’s at the plant, is the largest property owner and taxpayer in the town.

The facility had been scaling back activity over recent years and had reached a tax settlement with the municipality that changed the property’s assessed value and ratable status beginning in calendar year 2011. The change in ratable status had an impact on recent school budgets,

## 2) ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

resulting in an additional share of the tax increase being shifted to the remaining tax payers, primarily homeowners. Future school budgets will be similarly impacted by the decline in assessed value of the property. The SONY property was purchased in early 2013 by a New York based company for approximately \$3 million, (deeply discounted from list price); the future use of the property is unknown at this time.

### State Aid

State aid public for the 2018-2019 school year was \$9,286,770 which is a decrease of \$262,715 from 2017-2018. The District maintains no more than 2% fund balance as required by P.L. 2004. The percentage of debt service aid was 43.43% of debt service revenues.

### Special Education

Federal and State mandated services and regulations continue to increase to an ever-growing population of special needs students. Providing the necessary and required services for our special education population has been recognized by the Board and Administration. The District has provided Pre-School Handicapped Inclusion classes since 2007-2008 school year. In addition, the District is still experiencing an increase in special education students with severe needs and the need to provide the least restrictive environment for students. These two issues alone require additional resources which the cost of far exceeds the changes in aid.

### Federal Funding

The District's ESEA, IDEA Basic, and IDEA Pre-School funding remained relatively flat for the 2018-2019 school year.

## 3) MAJOR INITIATIVES

### Student Achievements:

#### SAT Scores

	2019 PITMAN H.S. MEAN	2018 PITMAN H.S. MEAN	NEW JERSEY MEAN	USA MEAN
SAT Reading/Writing Score	556	553	479	491
SAT Math Score	529	541	479	482

PERCENTAGE OF GRADUATING STUDENTS:	2019	2018	2017	2016	2015	2014
Attending a four year college program	44%	40%	41%	41%	50%	36%
Attending a two year college program	42%	54%	46%	46%	36%	56%
Attending specialized training program	7%	3%	3%	3%	4%	3%
Entering the work force	4%	3%	6%	6%	6%	2.5%
Entering the military	3%	0%	4%	4%	2.5%	3%

### Graduating Student Statistics Pitman High School Advanced Placement

In 2019, a total of 46 students took 85 exams in 10 different subject areas.

- 17% of exams scored 5
- 48% of exams scored 4 or higher
- 87% of exams scored 3 or higher

### State Testing (Spring 2019)

#### NJSLA - 3

- 60% of all students passed the NJSLA - 3 Language Arts Assessment
- 69% of all students passed the NJSLA - 3 Mathematics Assessment

### **3) MAJOR INITIATIVES (CONTINUED)**

#### *NJSLA - 4*

- *69% of all students passed the Language Arts Assessment*
- *57% of all students passed the Mathematics Assessment*

#### *NJSLA - 5*

- *72% of all students passed the Language Arts Assessment*
- *50% of all students passed the Mathematics Assessment*

#### *NJSLA - 6*

- *48% of all students passed the Language Arts Assessment*
- *22% of all students passed the Mathematics Assessment*

#### *NJSLA - 7*

- *47% of all students passed the Language Arts Assessment*
- *31% of all students passed the Mathematics Assessment*

#### *NJSLA - Grade 8*

- *54% of all students passed the Language Arts Assessment*
- *26% of all students passed the Mathematics Assessment*

#### *NJSLA - Grade 9*

- *55% of all students passed the Language Arts Assessment*

#### *NJSLA - Grade 10*

- *58% of all students passed the Language Arts Assessment*

#### *NJSLA - Grade 11*

- *25% of all students passed the Language Arts Assessment*

#### *NJSLA - Mathematic Assessment*

- *58% of all students passed Algebra I*
- *17% of all students passed Algebra II*
- *21% of all students passed Geometry*

### **State Testing (Spring 2018)**

#### *NJSLA - 3*

- *59% of all students passed the NJSLA - 3 Language Arts Assessment*
- *68% of all students passed the NJSLA - 3 Mathematics Assessment*

#### *NJSLA - 4*

- *68% of all students passed the Language Arts Assessment*
- *50% of all students passed the Mathematics Assessment*

### 3) MAJOR INITIATIVES (CONTINUED)

#### NJSLA - 5

- 65% of all students passed the Language Arts Assessment
- 43% of all students passed the Mathematics Assessment

#### NJSLA - 6

- 43% of all students passed the Language Arts Assessment
- 38% of all students passed the Mathematics Assessment

#### NJSLA - 7

- 42% of all students passed the Language Arts Assessment
- 27% of all students passed the Mathematics Assessment

#### NJSLA - Grade 8

- 56% of all students passed the Language Arts Assessment
- 30% of all students passed the Mathematics Assessment

#### NJSLA - Grade 9

- 55% of all students passed the Language Arts Assessment

#### NJSLA - Grade 10

- 45% of all students passed the Language Arts Assessment

#### NJSLA - Grade 11

- 36% of all students passed the Language Arts Assessment

#### NJSLA – Mathematics Assessment

- 55% of all students passed Algebra I
- 27% of all students passed Algebra II
- 26% of all students passed Geometry

### **DISTRICT GOALS:**

#### **Strategic Planning Process**

The District undertook a strategic planning process during 2016-2017 and the BOE adopted that plan in September 2017. District goals centered on three areas:

- Provide a superior comprehensive educational program
- Create/maintain safe and dynamic environments for teaching and learning
- Create a culture of engagement and support for the Districts mission (finances, enrollment, communications, etc.)

The plan covers a five year period (2017-2022).

### **3) MAJOR INITIATIVES (CONTINUED)**

#### **Grants**

E-Rate - The District continues to file applications under the Universal Service Fund (E- Rate), providing a 50% rebate on phone services and internet access. The District received discounts on phone services and internet access.

#### **Facilities**

The Administration continues to strive to maintain and upgrade the facilities in the District. The District continues to remain in compliance with code which requires 2/10ths of 1 percent of the cost of the facilities over a 10 year period to be budgeted towards required maintenance. All required paperwork has been filed with the state and the necessary budgetary procedures have been put into place.

### **4) INTERNAL ACCOUNTING CONTROLS**

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

As a recipient of Federal and State financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by District Management.

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

### **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. 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 canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2019.

### **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 and account groups which are converted from Governmental fund balances to net position. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

### **7) FINANCIAL INFORMATION AT FISCAL YEAR-END**

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.

## **8) DEBT ADMINISTRATION**

At June 30, 2019, the District's outstanding debt issues include \$4,510,000 of general obligation bond principal. This amount includes the amounts associated with refinancing of the Series 1998 school bonds. The total principal outstanding on the 2016 Refunding Bonds was \$4,510,000.

## **9) CASH MANAGEMENT**

The investment policy of the District is guided in large part by the state statute as detailed in "Notes to the Financial Statements," Note 1. 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. The District depository is TD Bank, N.A., where all funds earn interest from the date of deposit at the U.S. Treasury Bill rate, at the 90 day T-bill rate.

## **10) RISK MANAGEMENT**

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

The District is a member of the Atlantic and Cape May Counties School Business Officials Joint Insurance Fund (ACCASBOJIF). This Fund was formed under the provisions of NJSA 18A:18B 1-10. The Fund commenced operations on July 1, 1991, with sixteen member districts. Since then, the Fund had grown to a total of twenty-six members.

The ACCASBOJIF provides members with a long-term alternative to the conventional insurance marketplace and is a means of stabilizing the otherwise cyclical nature of insurance expenditures.

The Fund provides the following coverage:

- Property, including buildings, contents, inland marine, crime, boiler and machinery, and auto physical damage
- General Liability, including school board legal liability (also known as educator's legal liability)
- Automobile Liability
- Worker's Compensation
- Pollution
- Excess Liability Insurance

The Joint Insurance Fund provides coverage to its members either directly or through the commercial insurance market, through one or more of the following vehicles: excess insurance, reinsurance or an excess property and casualty joint insurance fund. In 2001-2002 the three South Jersey JIF's formed a SPELL (School Pool for Excess Legal Liability). The SPELL is a vehicle by which the JIF's can control spiraling premium costs, increases in the SIR's (self-insured retention) and replace excess insurance coverage. At this time it appears as though forming the SPELL was fortuitous due to the September 11, 2001, tragedy and the impact this subsequently has had on the insurance community.

## **10) RISK MANAGEMENT (CONTINUED)**

The Joint Insurance Fund's mission statement is as follows: "The ACCASBOJIF is committed to uniting local school districts in a joint effort to better manage their risks and assure fiscal stability by providing cost-effective, comprehensive insurance coverage and minimizing losses through pro-active membership involvement in claims management and loss prevention activities excess reinsurance."

## **11) FUND BALANCE**

The fund balance for the General Governmental Fund as of June 30, 2019, for the District (See Exhibit B-1) is \$1,124,227. \$119,242 will roll into fund balance for tax relief for the 2019-2020 budget.

## **12) OTHER INFORMATION**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and the *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## **13) CAPITAL IMPROVEMENT PLAN**

The auditor's report in the basic financial statements, as well as the combining and individual fund statements and schedules, is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Funds were dedicated for projects during the 2018-2019 school year from the Maintenance Reserve Account in the amount of \$109,203.

## **14) ACKNOWLEDGEMENTS**

We would like to express our appreciation to the members of the Pitman 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 business office employees. We also appreciate the guidance and advice of our treasurer.

Respectfully submitted,

Patrick J. McAleer

Patrick J. McAleer, Ed. D  
Superintendent of Schools

Kelly Brazelton

Kelly Brazelton  
Business Administrator/Board Secretary

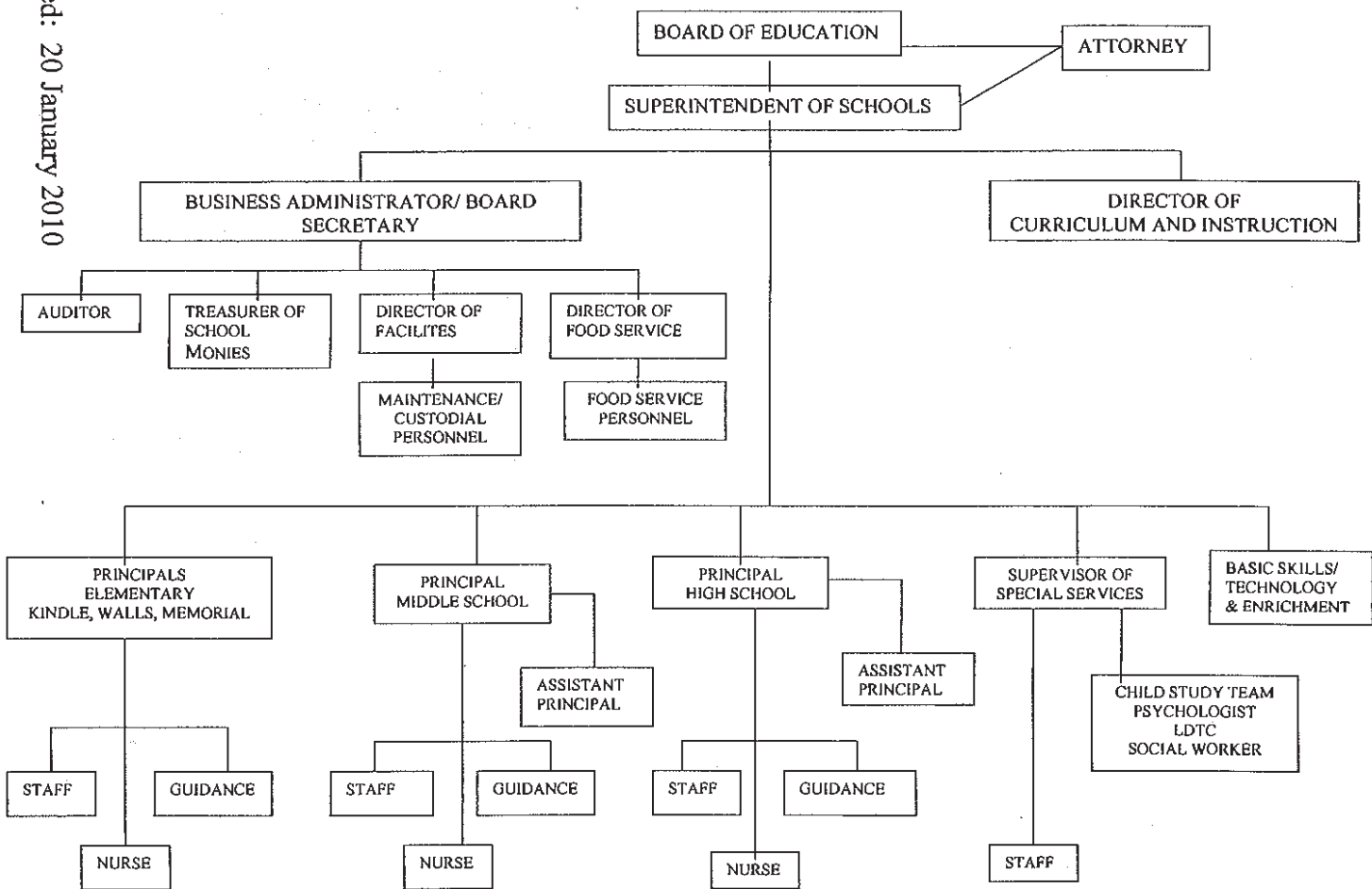


# POLICY

# PITMAN BOARD OF EDUCATION

ADMINISTRATION  
1110/page 1 of 1  
Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: 20 January 2010

**Pitman School District  
Pitman, New Jersey**

**ROSTER OF OFFICIALS  
June 30, 2019**

**Board of Education Members**

<b><u>Board Member</u></b>	<b><u>Office Held</u></b>	<b><u>Term Date</u></b>
Judy Walker	President	2020
Mary Beth Koniecki	Vice President	2019
Lisa Conley	Board Member	2019
Darlene Powell	Board Member	2020
Bonnie Savage	Board Member	2021
Robert Uyehara, Jr.	Board Member	2019
Dr. Ruth Wilson-Doherty	Board Member	2021

**OTHER OFFICIALS**

Patrick J. McAleer, Superintendent of Schools

Kelly Brazelton, Business Administrator/Board Secretary

**Pitman School District  
Pitman, New Jersey**

**CONSULTANTS AND ADVISORS**

**Auditor**

Petroni & Associates LLC  
102 West High Street, Suite 100  
Glassboro, NJ 08028  
Contact: Nick Petroni  
Certified Public Accountant

**Solicitor**

Dan Long, Esq.  
Wade, Long, Wood & Kennedy, LLC  
1250 Chews Landing Road  
Laurel Springs, NJ 08021

**Depository**

Ocean First Bank  
271 Lambs Road  
Sewell, NJ 08080

**Risk Management Consultant**

Len Eckman Inc.  
302 Montgomery Avenue  
Pitman, NJ 08071

## **FINANCIAL SECTION**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Borough of Pitman School District  
420 Hudson Avenue  
Pitman, New Jersey 08071

### ***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 Borough of Pitman School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Board of Education, Pitman, New Jersey, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

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

The combining and individual non-major fund financial statements and schedule of expenditures of federal and state awards, is the responsibility of Management and was derived from and relates 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

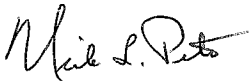
records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, 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 it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019, on our consideration of the Borough of Pitman School Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Borough of Pitman School Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542  
Glassboro, New Jersey

November 12, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**



Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2019  
Unaudited

This section of Pitman Public School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Comparative financial data is presented. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Overview of the Financial Statements**

This Annual Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2019  
Unaudited

**Figure A-1**  
**Major Features of District-Wide and Fund Financial Statements**  
**Fund Financial Statements**

	<b>District-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/ Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liability included	All assets and liabilities both financial and capital and short-term and long-term	All assets and liabilities both short-term and long-term; PBOE's funds do not currently contain capital assets, although they can
Type of Inflow/ Outflow Information	All revenues and expenses during year regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-1 above summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2019  
Unaudited

### **District-wide Financial Statements**

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

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets and liabilities - are one way to measure the District's overall financial health or *position*.

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

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental Activities:* Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- *Business-type Activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program and child care programs would be included here.

### **Fund Financial Statements**

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts or completing approved capital projects) or to show that it is properly using certain revenues (such as federal and state grants).

The District has four kinds of funds:

- **Governmental Funds** - Most of the District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the Governmental Funds' statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the Governmental funds statements explains the relationship (or differences) between them.

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2019  
Unaudited

**Fund Financial Statements (Continued)**

- **Proprietary Funds** - Services for which the District charges a fee are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the District-wide statements. *In fact, the District's Enterprise Funds* (one type of Proprietary Fund) are the same as its Business-type Activities, but provide more detail and additional information, such as cash flow.
  
- **Internal Service Funds** - (*the other kind of Proprietary Fund*) are utilized to report activities that provide supplies and services for other District programs and activities and for other Districts.
  
- **Fiduciary Funds** - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found listed in the index of this report.

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2019  
Unaudited

**Financial Analysis of the District as a Whole**

	<b>Net Position</b>					
	FY 2019		FY 2018		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2019	FY 2018
<b>Assets</b>						
Current and other assets	\$ 2,150,197	\$ 364,373	\$ 1,050,097	\$ 386,605	\$ 2,514,570	\$ 1,436,702
Capital assets	9,606,974	42,807	9,139,501	40,601	9,649,781	9,180,102
Total assets	<u>11,757,171</u>	<u>407,180</u>	<u>10,189,598</u>	<u>427,206</u>	<u>12,164,351</u>	<u>10,616,804</u>
<b>Deferred Outflows of Resources</b>						
Deferred loss on refunding bonds	277,942		317,866		277,942	317,866
Deferred outflows related to pension	<u>321,252</u>		<u>492,476</u>		<u>321,252</u>	<u>492,476</u>
	<u>599,194</u>		<u>492,476</u>		<u>599,194</u>	<u>492,476</u>
<b>Liabilities</b>						
Noncurrent liabilities	7,293,143	3,220	6,023,057	6,583	7,296,363	6,029,640
Other liabilities	199,647	31,111	84,743	28,571	230,758	113,314
Net pension liability	6,359,142		7,727,411		6,359,142	7,727,411
Other OPEB obligations	395,043		301,051		395,043	301,051
Total liabilities	<u>14,246,975</u>	<u>34,331</u>	<u>14,136,262</u>	<u>35,154</u>	<u>14,281,306</u>	<u>14,171,416</u>
<b>Deferred Inflows of Resources</b>						
Deferred inflows related to:						
Pension	<u>2,039,491</u>		<u>873,579</u>		<u>2,039,491</u>	<u>873,579</u>
	<u>2,039,491</u>		<u>873,579</u>		<u>2,039,491</u>	<u>873,579</u>
<b>Net Position</b>						
Invested in capital assets, net of related debt	3,768,939	42,807	3,754,777	40,601	3,811,746	3,795,378
Restricted	1,540,256		1,467,283		1,540,256	1,467,283
Unrestricted	<u>(9,239,296)</u>	<u>330,042</u>	<u>(9,231,961)</u>	<u>351,451</u>	<u>(8,909,254)</u>	<u>(8,880,510)</u>
Total net position	<u>\$ (3,930,101)</u>	<u>\$ 372,849</u>	<u>\$ (4,009,901)</u>	<u>\$ 392,052</u>	<u>\$ (3,557,252)</u>	<u>\$ (3,617,849)</u>

**Net position:** The District's combined total net position is a deficit of \$3,557,252 on June 30, 2019, (see Exhibit A-1).

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2019  
Unaudited

**Financial Analysis of the District as a Whole (Continued)**

**Changes in Net Position**

	FY 2019		FY 2018		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2019	FY 2018
<b>REVENUES:</b>						
Program revenues						
Charges for services		\$ 462,752		\$ 475,855	\$ 462,752	\$ 475,855
Operating grants & contributions	\$ 575,643	156,204	\$ 599,358	159,111	731,847	758,469
General revenues						
Property taxes	14,269,273		14,150,377		14,269,273	14,150,377
Grants and entitlements	17,184,928		13,986,766		17,184,928	13,986,766
Other	423,274		312,385	10,935	423,274	323,320
Total revenue	<u>32,453,118</u>	<u>618,956</u>	<u>29,048,886</u>	<u>645,901</u>	<u>33,072,074</u>	<u>29,694,787</u>
<b>EXPENSES:</b>						
Instruction	11,726,605		11,565,182		11,726,605	11,565,182
Student & instructional related service	4,160,948		3,838,421		4,160,948	3,838,421
General administrative services	510,812		465,062		510,812	465,062
School administrative services	1,205,480		1,217,743		1,205,480	1,217,743
Central services	282,506		342,889		282,506	342,889
Plant operations & maintenance	1,840,107		1,871,951		1,840,107	1,871,951
Pupil transportation	684,708		579,614		684,708	579,614
Employee benefits	11,023,085		8,897,890		11,023,085	8,897,890
Interest on debt	151,414		173,622		151,414	173,622
Food service		418,849		401,622	418,849	401,622
Other business-type		299,310		306,854	299,310	306,854
Unallocated depreciation	520,816		510,677		520,816	510,677
Capital outlay	186,837		35,903		186,837	35,903
Total expenses	<u>32,293,318</u>	<u>718,159</u>	<u>29,498,954</u>	<u>708,476</u>	<u>33,011,477</u>	<u>30,207,430</u>
Transfers	<u>(80,000)</u>	<u>80,000</u>	<u>(80,000)</u>	<u>80,000</u>		
Increase (decrease) in net position	<u>\$ 79,800</u>	<u>\$ (19,203)</u>	<u>\$ (530,068)</u>	<u>\$ 17,425</u>	<u>\$ 60,597</u>	<u>\$ (512,643)</u>

**Changes in Net Position:** The District's total revenues are \$33,072,074 for the fiscal period ended June 30, 2019, (see Exhibit A-2). Property taxes, fees charged for services (tuition, use of facility), and miscellaneous sources (interest, entrance fees) and State Formula Aid accounted for 98.2% of the District's revenue; 1.8% is derived from State and Federal Aid for specific programs.

The District's expenses are predominantly related to education and caring for students. The purely general, administrative, and central administrative activities of the District accounted for approximately 6.1% of the total expenses. Salary increases due to contractual agreement for teachers and other educational staff is included in the instruction-related costs.

**Governmental Activities**

Revenues for Governmental Activities were \$29,750,096 (see Exhibit B-2), while total expenses amounted to \$30,808,112 and transfers of \$80,000. This resulted in an increase in fund balance in governmental activities of \$85,819 for fiscal year 2019.

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2019  
Unaudited

**Business-type Activities**

Revenues for the District's Business-type Activities amounted to \$618,956. Total expenses amounted to \$718,159 and net position decreased by \$19,203 (see Exhibit B-5).

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is primarily reflected in its Governmental Funds. As the District completed the year, its Governmental Funds reported a *Combined Fund* balance of \$1,123,894, (see Exhibit B-1) which consists of General Fund balance \$1,124,227, and Debt Service (\$333). On a budgetary basis (see Exhibit C-1) the General Fund, unassigned fund balance is \$478,683. This represents approximately 2% of the total budget. District officials continue to express concern over the lack of budgetary fund balance for emergency purposes due to the implementation of P.L. 2004 which required districts to reduce their fund balance.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget. These budget amendments fall into the following categories:

- Appropriation of maintenance reserve for various repair projects.
- Transfers between budgetary line accounts to prevent overruns.

This fiscal year completed a zero-based budgeting as implemented by the Board of Education and Administration. This process allowed us to more accurately account for our expenditures by school. Principals became more aware of their appropriation limitations and managed their individual school budgets effectively.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Pitman Borough School investment in capital assets for its Governmental and Business-type Activities as of June 30, 2019, amounts to \$9,649,781 (net of accumulated depreciation). Total depreciation expense for Governmental and Business-type Activities is \$586,815. The District's fiscal year 2019 capital budget does not anticipate spending any additional funds. This investment in capital assets includes land, buildings, equipment, and furniture see table below (more detailed information about capital assets can be found in Note 6 to the financial statements).

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2019  
Unaudited

**Capital Assets (Continued)**

	<b>Capital Assets</b>					
	FY 2019		FY 2018		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2019	FY 2018
Land	\$ 101,593		\$ 101,593		\$ 101,593	\$ 101,593
Construction in progress	1,144,244		144,244		1,144,244	144,244
Land improvements	43,206		49,032		43,206	49,032
Buildings and improvements	7,650,735		8,119,876		7,650,735	8,119,876
Machinery & equipment	667,196	\$ 42,807	724,756	\$ 40,601	710,003	765,357
	<u>\$ 9,606,974</u>	<u>\$ 42,807</u>	<u>\$ 9,139,501</u>	<u>\$ 40,601</u>	<u>\$ 9,649,781</u>	<u>\$ 9,180,102</u>

**Long-term Debt**

At June 30, 2019, the School District had \$7,293,143 in long-term debt. Serial bonds consist of \$4,510,000; \$886,802 in loan payable; capital leases of \$1,186,488; premium amortized on bonds of \$359,343; and compensated absences \$350,510. (More detailed information about long-term debt can be found in the Notes to the Financial Statements.)

The state limits the amount of general obligation debt the District can issue to 4 percent of the equalized valuation of all taxable property within the District. The current limit is \$23,969,690 of which \$19,459,690 is available for the issuance of debt (see exhibit J-13).

Outstanding Debt at June 30

	FY 2019		FY 2018		Percentage
	FY 2019	FY 2018	FY 2018	FY 2017	Change
School Bonds of 2006		\$ 435,000			-100.00%
School Bonds of 2009			145,000		-100.00%
Refunding Bonds of 2016	\$ 4,510,000		4,510,000		0.00%
Loan payable	886,802				
Compensated absences	350,510		393,188		-10.85%
Premium amortized on bonds	359,343		410,678		-12.50%
Capital leases	1,186,488		129,191		818.40%
Total	<u>\$ 7,293,143</u>		<u>\$ 6,023,057</u>		21.09%

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Pitman Board of Education is currently in negotiations with the Pitman Education Association for a new contract. The Pitman Education Association represents all certified staff and support staff members.
- P.L. 2004 restricts increases to the budget in total administrative costs (including fixed charges). This has and will continue to present challenges to the budgeting process. Special Education costs are an issue during each budgeting cycle. The District has experienced the need for additional resources for in-house programs.



Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2019  
Unaudited

**Factors Bearing on the District's Future (Continued)**

- Reduction in School Funding (Senate Bill 2- adjustment aide phase out), the reduction of state aid about (\$1.5 million over several years) has created significant challenges in meeting operational costs. The District has made large cuts to teaching staff, with more cuts expected. The District will reconfigure four elementary grades configuration to create staff and program efficiencies. These cuts will result in flat or negative revenue for the next few years making it difficult to preserve programs. The District may be faced with further configuration changes, and perhaps the closing of multiple schools within a few years.
- The District has experienced sizeable enrollment for several years. However, due to the implementation of a 3 and 4 year old parent paid tuition program and our existing K-12 tuition program, the District has approximately 27 tuition students. Continuing decreases have impacted district staffing levels and program offerings. 11.5 teaching positions were eliminated for the 2019-2020 school year.
- On September 29, 2009, the Board passed a bond referendum for the funding of installation of solar panels on the Pitman High School roof. In future years the School District will generate Solar Renewable Energy Credits (SREC's) on the open market. This revenue source will be used to refund our budgeted energy costs. The SREC market has been depressed in recent years, reducing those revenues.
- The District is evaluating potential referenda and/or capital improvements through an ESIP project, as old debt will be reduced in 2024-2025. Aging buildings may be closed, and others reconfigured to meet student needs.
- The State Legislature enacted a 2% cap on property tax increases that was in effect with the development of school district budgets for the 2018-2019 and 2019-2020 school year.
- Legislation enacted in June 2011, sets employee contribution rates towards the cost of health benefits over a four-year phase-in period. This phase-in period is complete, with all employee contributions at the highest tier. While these contributions will help offset annual increases in premiums, the average rate of increases has exceeded the expected contributions. Also, the annual increase pool of contribution has leveled off, as the phase-in is complete.
- Since 2011-12, the District has joined with approximately 30 other districts as part of a health insurance trust in an effort to better control annual premium increases.
- The 2011 closing of the former Sony DADC plant (largest taxpayer) has impacted the development of school budgets. This is due to recent tax settlements between the plant's owner and the municipality that lowered their tax burden from prior years. As payment from the largest ratable in the community. It is also possible that tax abatements or similar incentives might have been necessary to attract a future tenant to purchase and develop the property. There are no current plans to develop the property, but several concepts have been discussed.

Borough of Pitman School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2019  
Unaudited

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kelly Brazelton, Business Administrator/Board Secretary, Pitman Board of Education, 420 Hudson Avenue, Pitman, NJ 08071.

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Net Position  
June 30, 2019

	Governmental Activities	Business-type Activities	FY 2019
<b>ASSETS</b>			
Cash and cash equivalents	\$ 818,986	\$ 346,949	\$ 1,165,935
Interfund accounts receivable	31,900		31,900
Receivables, net	266,468	10,391	276,859
Inventory		7,033	7,033
Restricted assets:			
Restricted cash and cash equivalents	31,227		31,227
Capital reserve account - cash	490,394		490,394
Maintenance reserve - cash	511,222		511,222
Capital assets:			
Non-depreciable	1,245,837		1,245,837
Assets net of depreciation	8,361,137	42,807	8,403,944
Total assets	<u>11,757,171</u>	<u>407,180</u>	<u>12,164,351</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding bonds	277,942		277,942
Deferred outflows related to pension	321,252		321,252
Total deferred outflows of resources	<u>599,194</u>		<u>599,194</u>
<b>LIABILITIES</b>			
Accounts payable	139,501	672	140,173
Interfund accounts payable		21,900	21,900
Intergovernmental accounts payable		1,900	1,900
Accrued interest payable	60,146		60,146
Unearned revenue		6,639	6,639
Noncurrent liabilities:			
Due within one year	1,853,506		1,853,506
Due beyond one year	5,439,637	3,220	5,442,857
Net pension liability	6,359,142		6,359,142
Other post-employment obligations	395,043		395,043
Total liabilities	<u>14,246,975</u>	<u>34,331</u>	<u>14,281,306</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	2,039,491		2,039,491
Total deferred inflows of resources	<u>2,039,491</u>		<u>2,039,491</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	3,768,939	42,807	3,811,746
Restricted for:			
Debt service	(333)		(333)
Capital projects	490,394		490,394
Other purposes	1,050,195		1,050,195
Unrestricted	(9,239,296)	330,042	(8,909,254)
Total net position	<u>\$ (3,930,101)</u>	<u>\$ 372,849</u>	<u>\$ (3,557,252)</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 7,664,583			\$ (7,664,583)		\$ (7,664,583)
Special education	3,199,857		\$ 497,822	(2,702,035)		(2,702,035)
Other special education	338,491			(338,491)		(338,491)
Other instruction	523,674			(523,674)		(523,674)
Support services:						
Student & instructional related services	4,160,948		46,587	(4,114,361)		(4,114,361)
General administrative services	510,812			(510,812)		(510,812)
School administrative services	1,205,480			(1,205,480)		(1,205,480)
Central services	282,506			(282,506)		(282,506)
Plant operations & maintenance	1,840,107			(1,840,107)		(1,840,107)
Pupil transportation	684,708			(684,708)		(684,708)
Employee benefits	11,023,085		31,234	(10,991,851)		(10,991,851)
Interest on long-term debt	151,414			(151,414)		(151,414)
Capital outlay	186,837			(186,837)		(186,837)
Unallocated depreciation	520,816			(520,816)		(520,816)
<b>Total governmental activities</b>	<b>32,293,318</b>		<b>575,643</b>	<b>(31,717,675)</b>		<b>(31,717,675)</b>
Business-type activities:						
Food service	418,849	\$ 207,576	156,204		\$ (55,069)	(55,069)
Other activities	299,310	255,176			(44,134)	(44,134)
<b>Total business-type activities</b>	<b>718,159</b>	<b>462,752</b>	<b>156,204</b>		<b>(99,203)</b>	<b>(99,203)</b>
<b>Total primary government</b>	<b>\$ 33,011,477</b>	<b>\$ 462,752</b>	<b>\$ 731,847</b>	<b>\$ (31,717,675)</b>	<b>\$ (99,203)</b>	<b>\$ (31,816,878)</b>
General revenues:						
Property taxes, levied for general purpose				\$ 13,883,866		\$ 13,883,866
Taxes levied for debt service				385,407		385,407
Federal and state aid not restricted				17,184,928		17,184,928
Tuition				250,635		250,635
Investment earnings				9,977		9,977
Miscellaneous income				162,662		162,662
Transfers				(80,000)	\$ 80,000	
<b>Total general revenues, special items, extraordinary items, and transfers</b>				<b>31,797,475</b>	<b>80,000</b>	<b>31,877,475</b>
Change in net position				79,800	(19,203)	60,597
Net position - beginning				(92,940,019)	392,052	(92,547,967)
Prior period adjustment of OPEB liability				88,930,118		88,930,118
Restated net position - beginning				(4,009,901)	392,052	(3,617,849)
<b>Net position - end</b>				<b>\$ (3,930,101)</b>	<b>\$ 372,849</b>	<b>\$ (3,557,252)</b>

See accompanying notes to the basic financial statements.

## **FUND FINANCIAL STATEMENTS**

BOROUGH OF PITMAN SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2019

	Major Fund		Debt Service Fund	Totals FY 2019
	General Fund	Special Revenue Fund		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 818,986	\$ 31,227		\$ 850,213
Interfund accounts receivable	32,233			32,233
Receivables	266,121	347		266,468
Restricted cash and cash equivalents	1,001,616			1,001,616
Total assets	<u>\$ 2,118,956</u>	<u>\$ 31,574</u>		<u>2,150,530</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 107,927	\$ 31,574		139,501
Loan payable	886,802			886,802
Interfund accounts payable			\$ 333	333
Total liabilities	<u>994,729</u>	<u>31,574</u>	<u>333</u>	<u>1,026,636</u>
Fund balances:				
Restricted for:				
Capital reserve account	490,394			490,394
Maintenance reserve	511,222			511,222
Excess surplus - designated for subsequent year's expenditures	119,242			119,242
Debt service fund			(333)	(333)
Assigned fund balance:				
Other purposes	3,973			3,973
Designated for subsequent year's expenditures	415,758			415,758
Unassigned fund balance:				
General fund	(416,362)			(416,362)
Total fund balances	<u>1,124,227</u>		<u>(333)</u>	<u>1,123,894</u>
Total liabilities and fund balances	<u>\$ 2,118,956</u>	<u>\$ 31,574</u>		

See accompanying notes to the basic financial statements.



BOROUGH OF PITMAN SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2019

	<u>FY 2019</u>
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$23,392,765 and the accumulated depreciation is \$13,785,791 (see Note 6).	9,606,974
Deferred bond issuance costs are expensed in Governmental Funds in the year the bonds are issued but are capitalized in the Statement of Net Position. The bond issuance costs for Series 2006 are \$32,586, the amortization is \$1,664, and the accumulated amortization is \$22,463.	10,123
Deferred loss on refunding bond costs are expensed in Governmental Funds in the year the bonds are issued but are capitalized in the Statement of Net Position. The deferred loss for Series 2016 is \$385,787, the amortization is \$38,259, and the accumulated amortization is \$117,968.	267,819
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(60,146)
Other Post-employment Benefits, are not due and payable in the current period and therefore are not reported as liability in the funds.	(395,043)
Net pension liability adjustment for GASB Statement No. 68 & 71	(8,077,381)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds (see Note 7).	(6,406,341)
Net position of Governmental Activities	<u>\$ (3,930,101)</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2019

	Major Fund		Debt Service Fund	Totals FY 2019
	General Fund	Special Revenue Fund		
REVENUES:				
Local tax levy	\$ 13,883,866		\$ 385,407	\$ 14,269,273
Tuition	250,635			250,635
Interest earned on investments	9,808			9,808
Interest earned on capital reserve funds	169			169
Miscellaneous	162,662			162,662
	<u>14,307,140</u>		<u>385,407</u>	<u>14,692,547</u>
State sources	14,115,592		328,084	14,443,676
Federal sources	38,230	\$ 575,643		613,873
Total revenues	<u>28,460,962</u>	<u>575,643</u>	<u>713,491</u>	<u>29,750,096</u>
EXPENDITURES:				
Current:				
Regular instruction	7,807,983			7,807,983
Special education instruction	2,730,492	497,822		3,228,314
Other special instruction	340,246			340,246
Other instruction	527,023			527,023
Support services & undistributed costs:				
Student & instruction related services	4,084,003	46,587		4,130,590
General administrative services	508,079			508,079
School administrative services	1,192,570			1,192,570
Central services	308,750			308,750
Plant operations and maintenance	1,827,892			1,827,892
Pupil transportation	684,708			684,708
Employee benefits	8,229,003	31,234		8,260,237
Debt service:				
Principal			580,000	580,000
Interest and other charges			175,400	175,400
Capital outlay	1,236,320			1,236,320
Total expenditures	<u>29,477,069</u>	<u>575,643</u>	<u>755,400</u>	<u>30,808,112</u>
Excess (deficiency) of revenues over expenditures	<u>(1,016,107)</u>		<u>(41,909)</u>	<u>(1,058,016)</u>
OTHER FINANCING SOURCES (USES):				
Capital leases (non-budgeted)	1,223,835			1,223,835
Other financing sources:				
Transfers to enterprise funds	(80,000)			(80,000)
Total other financing sources and uses	<u>1,143,835</u>			<u>1,143,835</u>
Net change in fund balances	127,728		(41,909)	85,819
Fund balance - July 1	996,499		41,576	1,038,075
Fund balance - June 30	<u>\$ 1,124,227</u>		<u>\$ (333)</u>	<u>\$ 1,123,894</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN 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, 2019

Total net change in fund balances - Governmental Funds (from B-2) \$ 85,819

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.

Capital outlay	\$ 1,049,483	
Depreciation expense	(582,010)	
		467,473

Repayment of debt 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.

Bond principal payments	580,000	
Capital lease obligation principal payments	166,538	
Capital lease obligation proceeds	(1,223,835)	

Bond issuance costs are reported in the Governmental Funds as expenditures in the year the bonds are issued. However, in the Statement of Activities, the costs are amortized over the life of the bonds.

Premium on bonds	51,335	
Deferred bond issuance costs	(1,664)	
Deferred amount on refunding	(38,260)	

OPEB expenditures in the Statement of Activities differs from the amounts reported in the Governmental Funds because OPEB is recorded based on the contributions made, and thus requires the use of current financial resources. In the Statement of Activities, however, OPEB is recognized based on the annual required contribution.

(93,992)

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the Governmental Funds because interest is recorded as an expenditure in the funds when it is due, and thus requires that use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net change in the accrued interest was an increase.

12,575

Pension contributions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.

31,133

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

42,678

Change in net position of Governmental Activities

\$ 79,800

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Net Position  
Proprietary Funds  
June 30, 2019

	Business-type Activities - Enterprise Funds - Major Funds			Totals FY 2019
	Food Service	Preschool Program	Before/After School	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 11,963		\$ 334,986	\$ 346,949
Accounts receivable	7,764	\$ 2,627		10,391
Inventories	7,033			7,033
Total current assets	<u>26,760</u>	<u>2,627</u>	<u>334,986</u>	<u>364,373</u>
Noncurrent assets:				
Furniture, machinery & equipment	212,285			212,285
Less: accumulated depreciation	(169,478)			(169,478)
Total noncurrent assets	<u>42,807</u>			<u>42,807</u>
Total assets	<u>69,567</u>	<u>2,627</u>	<u>334,986</u>	<u>407,180</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	242		430	672
Interfund accounts payable	21,900			21,900
Intergovernmental accounts payable			1,900	1,900
Unearned revenue	6,039	600		6,639
Compensated absences	3,220			3,220
Total current liabilities	<u>31,401</u>	<u>600</u>	<u>2,330</u>	<u>34,331</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	42,807			42,807
Unrestricted	(4,641)	2,027	332,656	330,042
Total net position	<u>\$ 38,166</u>	<u>\$ 2,027</u>	<u>\$ 332,656</u>	<u>\$ 372,849</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended June 30, 2019

	Business-type Activities			Totals FY 2019
	Enterprise Funds - Major Funds			
	Food Service	Preschool Program	Before/After School	
<b>OPERATING REVENUES:</b>				
Local sources:				
Daily sales - reimbursable programs	\$ 133,374			\$ 133,374
Daily sales - non-reimbursable programs	74,083			74,083
Special function/miscellaneous	119			119
Tuition		\$ 66,005	\$ 189,171	255,176
<b>Total operating revenue</b>	<b>207,576</b>	<b>66,005</b>	<b>189,171</b>	<b>462,752</b>
<b>OPERATING EXPENSES:</b>				
Salaries	191,986	102,579	167,078	461,643
Employee benefits	14,922		12,202	27,124
Other purchased services (400-500 series)	4,583			4,583
Supplies and materials	13,725		13,278	27,003
Cost of sales - reimbursable	124,270			124,270
Cost of sales - non-reimbursable	63,912			63,912
Miscellaneous other expenses	647		4,173	4,820
Depreciation	4,804			4,804
<b>Total operating expenses</b>	<b>418,849</b>	<b>102,579</b>	<b>196,731</b>	<b>718,159</b>
<b>Operating income (loss)</b>	<b>(211,273)</b>	<b>(36,574)</b>	<b>(7,560)</b>	<b>(255,407)</b>
<b>NON-OPERATING REVENUES:</b>				
State sources:				
National school lunch program - state	3,722			3,722
Federal sources:				
National school lunch program	110,348			110,348
School breakfast program	20,111			20,111
Special milk program	162			162
Food distribution program	21,861			21,861
<b>Total non-operating revenues (expenses)</b>	<b>156,204</b>			<b>156,204</b>
Transfer from general fund - Board contribution	26,468	53,532		80,000
<b>Net income (loss)</b>	<b>(28,601)</b>	<b>16,958</b>	<b>(7,560)</b>	<b>(19,203)</b>
<b>Total net position - beginning</b>	<b>66,767</b>	<b>(14,931)</b>	<b>340,216</b>	<b>392,052</b>
<b>Total net position - ending</b>	<b>\$ 38,166</b>	<b>\$ 2,027</b>	<b>\$ 332,656</b>	<b>\$ 372,849</b>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2019

	Business-type Activities			Totals FY 2019
	Enterprise Funds - Major Funds			
	Food Service	Preschool Program	Before/After School	
Cash flows from operating activities:				
Receipts from customers	\$ 209,060	\$ 63,378	\$ 189,171	\$ 461,609
Payments to suppliers	(186,203)		(16,941)	(203,144)
Payments to employees	(195,349)	(102,579)	(167,078)	(465,006)
Payments for employee benefits	(14,922)		(12,202)	(27,124)
Net cash provided (used) by operating activities	<u>(187,414)</u>	<u>(39,201)</u>	<u>(7,050)</u>	<u>(233,665)</u>
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	136,449			136,449
Net cash provided by non-capital financing activities	<u>136,449</u>			<u>136,449</u>
Cash flows from investing activities:				
Capital expenditures	(7,011)			(7,011)
Payments from general fund	26,468	53,532		80,000
Net cash provided by investing activities	<u>19,457</u>	<u>53,532</u>		<u>72,989</u>
Net increase in cash and cash equivalents	<u>(31,508)</u>	<u>14,331</u>	<u>(7,050)</u>	<u>(24,227)</u>
Cash and cash equivalents - July 1	43,471	(14,331)	342,036	371,176
Cash and cash equivalents - June 30	<u>\$ 11,963</u>		<u>\$ 334,986</u>	<u>\$ 346,949</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (211,273)	\$ (36,574)	\$ (7,560)	\$ (255,407)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	4,804			4,804
Food distribution program	21,861			21,861
Change in assets and liabilities:				
(Increase) decrease in accts. receivable	(304)	(2,627)		(2,931)
(Increase) decrease in inventory	(1,169)			(1,169)
Increase in accounts payable	242		(1,390)	(1,148)
Increase in intergovernmental accounts payable			1,900	1,900
Increase in compensated absences	(3,363)			(3,363)
Increase (decrease) in deferred revenue	1,788			1,788
	<u>\$ (187,414)</u>	<u>\$ (39,201)</u>	<u>\$ (7,050)</u>	<u>\$ (233,665)</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2019

	Unemployment Compensation Trust Fund	Agency Funds	Totals <u>FY 2019</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 330,998	\$ 173,928	\$ 504,926
Total assets	<u>\$ 330,998</u>	<u>173,928</u>	<u>504,926</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payroll deductions and withholdings		24,198	24,198
Due to student groups		139,730	139,730
Interfund payables:			
General fund		10,000	10,000
Total current liabilities		<u>173,928</u>	<u>173,928</u>
<b>NET POSITION</b>			
Held in trust for unemployment	<u>\$ 330,998</u>		<u>\$ 330,998</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Year Ended June 30, 2019

	<u>Unemployment Compensation Trust Fund</u>
<b>ADDITIONS:</b>	
Contributions:	
Plan members	\$ 27,223
Total contributions	<u>27,223</u>
Investment earnings:	
Interest	1,318
Total additions	<u>1,318</u>
<b>DEDUCTIONS:</b>	
Unemployment claims	34,072
Change in net position	<u>(5,531)</u>
Net position - beginning of year	336,529
Net position - end of year	<u><u>\$ 330,998</u></u>

See accompanying notes to the basic financial statements.



## **NOTES TO THE FINANCIAL STATEMENTS**

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

The Borough of Pitman School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of the Borough of Pitman School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to Governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing Governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in (GAAP) and used by the District are discussed below.

**A. Reporting Entity**

The Borough of Pitman School District is a Type II District located in the County of Gloucester, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. The purpose of the District is to educate students in grades K-12.

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

**B. Government-wide Statements**

The School District's basic financial statements include both Government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the Government-wide and fund financial statements categorize primary activities as either Governmental or Business-type. The District's general, special revenue, capital projects, and debt service are classified as Governmental Activities. The District's food service, before and after school, and preschool programs are classified as Business-type Activities.

In the Government-wide Statement of Net Position, both the Governmental and Business-type Activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide Statements (Continued)**

The Government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and Business-type Activities (food service and childcare). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating, and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student, and instruction related services, etc.) or Business-type Activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or Business-type Activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does allocate indirect costs such as depreciation expense, on-behalf TPAF Pension contributions, and TPAF Social Security Contributions.

The Government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The Government-wide statements do not include fiduciary activities.

**C. Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The District reports the following Governmental Funds:

**GOVERNMENTAL FUNDS**

The focus of the Governmental Funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District:

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

As required by the New Jersey State Department of Education, the District included 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 fixed assets for land, existing buildings, improvements of grounds,

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**General Fund (Continued)** - 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 Governments, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

**PROPRIETARY FUNDS**

The focus of the Proprietary Funds' measurement is upon the determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following are descriptions of the Proprietary Funds of the District:

**Enterprise Funds** - The Enterprise Funds account for all revenues and expenses pertaining to the Board's operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund, Before and After School Fund, and the Preschool Program Fund.

**Internal Service Fund** - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

**FIDUCIARY FUNDS**

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments and, therefore, not available to support District programs. The reporting focus is on net position. Changes in net position and are reported using accounting principles similar to Proprietary Funds.

The emphasis in fund financial statements is on the Major Funds in either the Governmental or Business-type Activities categories. Non-major Funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FIDUCIARY FUNDS (CONTINUED)**

expenditures/expenses of either fund category or the Governmental and Enterprise combined) for the determination of Major Funds. The Non-major Funds are combined in a column in the fund financial statements.

The District's Fiduciary Funds are presented in the Fiduciary Fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Government, these funds are not incorporated into the Government-wide statements.

The Fiduciary Funds include Student Activity Fund, Payroll, and Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It also related to the timing of the measurement made regardless of the measurement focus applied.

Both Governmental and Business-type Activities in the Government-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

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.

**E. Cash and Cash Equivalent**

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

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Cash and Cash Equivalents (Continued)**

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of 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.

NJSA 17:9-41 et seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks), and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**F. Inventories**

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method. Inventory in the Food Service Fund at June 30, 2019, consisted of the following:

Food	\$ 2,152
Commodities	<u>4,881</u>
	<u><u>\$ 7,033</u></u>

The value of Federal donated commodities are reflected in Schedule A (required by Single Audit Law of 1984) 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.

**G. Capital Assets**

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical costs or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed using the straight-line method over the estimated useful lives:

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Capital Assets (Continued)**

Asset Class	Estimated Useful Lives
Site improvements	15-20
Building & improvements	20-50
Machinery & equipment	5-20

GASB No. 34 requires the District to report and depreciated new infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical costs nor related depreciation has historically been reporting the financial statements. The District has included infrastructure assets in the current fiscal year.

**H. Revenues**

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and 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 money under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**I. Expenditures**

Expenses are recognized when the related fund liability is incurred. Inventory costs reported in the period when inventory items are used, rather than in the period purchased.

**J. 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 in the period in which such services are rendered or in which such events take place.

In Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability, in the fund that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide financial statements as a Governmental Activity.

In Proprietary and similar Trust Funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Interfund Receivables/Payables**

Transfers between Governmental and Business-type Activities on the District-wide financial statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Position, except for amounts due between Governmental and Business-type Activities or Governmental and Agency Funds, which are presented as internal balances.

**L. Accrued Salaries and Wages**

None of the School District's employees who provide services to the District over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year.

**M. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the fall of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election in November. 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 NJAC 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances, require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

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.



**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Budgets/Budgetary Control (Continued)**

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grants 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.

**N. 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 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 deferred 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.

**O. Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**P. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, Governmental Fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Q. 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.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are 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.

**S. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

**T. Net Position**

Net position represents the difference between assets and liabilities. Net position invested 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 are 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 are available.

**U. Fund Balance Reserves**

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

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

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

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

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**U. Fund Balance Reserves (Continued)**

**Assigned** - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**V. Recent Accounting Pronouncements Not Yet Effective**

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This Statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No.87, "Leases." This Statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." This statement is effective for fiscal periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61." This Statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." This Statement, which is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the District's financial reporting.

**NOTE 2: CASH AND CASH EQUIVALENTS**

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the Governmental Unit

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)**

Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2019 and 2018, was \$2,703,704 and \$1,698,440. As of June 30, 2019 and 2018, \$0 of the District's bank balance of \$2,872,348 and \$2,366,063, respectively, was exposed to Custodial Credit Risk.

**NOTE 3: INVESTMENTS**

As of June 30, 2019 and 2018, the District did not have any investments.

**Interest Rate Risk** - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

**Credit Risk** - NJSA 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of Federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local Government investment pools or repurchase of fully collateralized securities.

**Concentration of Credit Risk** - The District places no limit on the amount the District may invest in any one issuer.

**NOTE 4: RECEIVABLES**

Receivables at June 30, 2019, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	\$ 201,383	\$ 180
Other	63,880	3,714
Federal aid	1,205	6,497
	<u>\$ 266,468</u>	<u>\$ 10,391</u>

**NOTE 5: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Board of Education by inclusion of \$100,000 on October 10, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5: CAPITAL RESERVE ACCOUNT (CONTINUED)**

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 unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2.

Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The June 30, 2019, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2018	\$ 312,955
Transfer - June 2019	177,270
Interest earnings	169
Withdrawals -	
Board resolution	0
Ending balance, June 30, 2019	<u><u>\$ 490,394</u></u>

**NOTE 6: CAPITAL ASSETS**

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2019.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6: CAPITAL ASSETS (CONTINUED)**

	Balance <u>July 1, 2018</u>	Additions	Disposals/ Adjustments	Balance <u>June 30, 2019</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 144,244	\$ 1,000,000		\$ 1,144,244
Sites (land)	101,593			101,593
Total capital assets not being depreciated	<u>245,837</u>	<u>1,000,000</u>		<u>1,245,837</u>
Land improvements	925,211			925,211
Building & building improvements	19,096,637			19,096,637
Machinery & equipment	2,075,597	49,483		2,125,080
Totals at historical cost	<u>22,097,445</u>	<u>49,483</u>		<u>22,146,928</u>
Less: accumulated depreciation				
Land improvements	(876,179)	(5,826)		(882,005)
Building & building improvements	(10,976,761)	(469,141)		(11,445,902)
Machinery & equipment	(1,350,841)	(107,043)		(1,457,884)
Total accumulated depreciation	<u>(13,203,781)</u>	<u>(582,010)</u>		<u>(13,785,791)</u>
Governmental activities capital assets, net	<u>\$ 9,139,501</u>	<u>\$ 467,473</u>	<u>None</u>	<u>\$ 9,606,974</u>
Business-type activities:				
Machinery & equipment	\$ 205,274	\$ 7,011		\$ 212,285
Less: accumulated depreciation	(164,673)	(4,805)		(169,478)
Business-type capital assets, net	<u>\$ 40,601</u>	<u>\$ 2,206</u>	<u>None</u>	<u>\$ 42,807</u>

Depreciation was charged to the following Governmental programs:

Instruction - regular	\$ 5,009
Instruction - other	1,631
Support administration	30,358
Operation and maintenance	24,196
Unallocated	520,816
Total	<u>\$ 582,010</u>

**NOTE 7: GENERAL LONG-TERM DEBT**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are General Obligation Bonds.

**Advance Refunding**

On June 2, 2006, the District issued \$5,860,000 in Refunding Bonds with a net interest cost of 1.919923% to advance refund; \$1,280,000 of outstanding 2005 Refunding School Bonds with an average interest rate of 2.86%; \$3,594,000 of outstanding 2006 school bonds with an average interest rate of 3.59%; \$1,005,000 of outstanding 2009 school bonds with an interest rate of 3.77%.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)**

**Advance Refunding (Continued)**

The net proceeds of \$6,264,787, including a premium on the bonds of \$517,626 and net of payments of \$32,230 in underwriting fees and \$80,609 of issuance costs, were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for part of future debt service payments when due. Payable in annual installments through August 1, 2025. Interest is paid semi-annually at varying rates ranging from 3% to 4% per annum. The balance remaining as of June 30, 2019, was \$4,510,000.

**Long-Term Obligation Activity**

Changes in long-term obligations for the fiscal year ended June 30, 2019, are as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Compensated absences	\$ 393,188	\$ 68,459	\$ 111,137	\$ 350,510	
Capital leases	129,191	1,223,835	166,538	1,186,488	\$ 315,369
Premium on bond sale	410,678		51,335	359,343	51,335
Loan payable		886,802		886,802	886,802
Serial bonds payable	5,090,000		580,000	4,510,000	600,000
	<u>\$ 6,023,057</u>	<u>\$ 2,179,096</u>	<u>\$ 909,010</u>	<u>\$ 7,293,143</u>	<u>\$ 1,853,506</u>

The District has several leases for computers, a dump truck and building projects. Lease terms range from three to five years. Interest rates vary from 2.50% to 6.4%, see Exhibit I-2. The following is a schedule of the future minimum lease payments under their capital leases:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 315,369	\$ 16,420	\$ 331,789
2021	266,048	23,975	290,023
2022	196,497	15,853	212,350
2023	201,645	10,705	212,350
2023	206,928	5,422	212,350
	<u>\$ 1,186,487</u>	<u>\$ 72,375</u>	<u>\$ 1,258,862</u>

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)**

**Bonds Payable**

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

Year Ended June 30,	Principal	Interest	Total
2020	\$ 600,000	\$ 153,350	\$ 753,350
2021	625,000	131,950	756,950
2022	640,000	109,875	749,875
2023	665,000	86,900	751,900
2024	700,000	59,600	759,600
2025	1,280,000	39,600	1,319,600
	<u>\$ 4,510,000</u>	<u>\$ 581,275</u>	<u>\$ 5,091,275</u>

**Bonds Authorized But Not Issued**

As of June 30, 2019, the Board has \$0 of bonds authorized but not issued.

**Other**

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the Federal Government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in Governmental Funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the Federal Government. Thus, rebatable arbitrage liabilities related to Governmental debt will be accrued as incurred at least annually (at fiscal year-end) on the District-wide financial statements.

For the year ended June 30, 2019, it is not necessary for the Board to establish a liability for arbitrage rebate.

A portion of compensated absences are recorded as long-term liabilities due in more than one year.

**NOTE 8: PENSION FUNDS**

**Description of Plans** - All eligible employees of the District are covered by the Public Employees' Retirement System (PERS), or Teachers' Pension and Annuity Fund (TPAF) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System 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



**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8: PENSION FUNDS**

**Description of Plans (Continued)** - supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of NJSA 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 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 titles.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The TPAF and PERS provide for employee contributions of 7.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The District's contributions to the PERS for the years ending June 30, 2019, 2018, and 2017, were \$322,693, \$312,538, and \$301,247, respectively, equal to the required contributions for each year. The School District's employer share of the TPAF for the years ending June 30, 2019, 2018, and 2017, were \$3,432,309, \$2,348,797, and \$1,970,121, respectively, and paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2019, 2018, and 2017, was \$16,659,606, \$16,427,562, and \$16,474,855; covered payroll for the TPAF was \$12,962,070, \$12,944,897, and \$12,643,235; the PERS was \$2,223,613, \$2,382,131, and \$2,419,120.

Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board for the years ending June 30, 2019, 2018, and 2017, \$886,757, \$894,690, and \$887,358, for the employer's share of social security contributions for the TPAF members as calculated on their

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8: PENSION FUNDS (CONTINUED)**

**Funding Policy (Continued)** - base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

For the year ended June 30, 2019, the District recognized pension expense of \$290,120. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		\$ 1,622,052
Net difference between expected and actual experience		30,131
Net difference between projected and actual earnings on pension plan investments		42,269
Changes in proportion and differences between District contributions and proportionate share of contributions		345,040
District contributions subsequent to the measurement date	\$ 321,252	
	\$ 321,252	\$ 2,039,492

\$321,252 reported as deferred outflows of resources related to pensions, resulting from School District contributions, subsequent to the measurement date (i.e. for the school year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2020	\$ (204,862)
2021	(364,162)
2022	(771,963)
2023	(529,677)
2024	(168,828)
Thereafter	0
	\$ (2,039,492)

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8: PENSION FUNDS (CONTINUED)**

Additional information – Collective balances at June 30, 2018 and 2017, are as follows:

	June 30, 2018	June 30, 2017
Collective deferred outflows of resources	\$ 4,684,852,302	\$ 6,424,455,842
Collective deferred inflows of resources	7,646,736,226	57,006,259,981
Collective net pension liability	19,689,501,539	23,278,401,588
District's proportion	0.0322971200%	0.0331956236%

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The District's contributions to the DCRP for the years ending June 30, 2019, 2018, and 2017, were \$16,561, \$11,391, and \$12,870 for covered employees.

**NOTE 9: POSTEMPLOYMENT BENEFITS**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: POSTEMPLOYMENT BENEFITS (CONTINUED)**

effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the remeasured total OPEB liability in Fiscal Year 2017.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Total Non-Employer OPEB Liability**

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2019 was \$68,442,370. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability. Note that actual numbers will be published in the NJ State's CAFR at: <https://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2018, actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Differs by pension group (e.g. - PERS, TPAF) See Actuarial Assumptions in the Notes to Required Supplementary Information - Note 4
Discount rate	3.87%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: POSTEMPLOYMENT BENEFITS (CONTINUED)**

mortality was based on the RP-2006 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, 2017, valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013, for TPAF, PERS, and PFRS, respectively.

The below table summarizes the changes in the Total OPEB liability reported by the State of New Jersey:

	Total OPEB Liability
Balance at June 30, 2017	\$ 53,639,841,858
Changes for the year:	
Service cost	1,984,642,729
Interest	1,970,236,232
Changes of benefit terms	-
Differences between expected and actual experience	(5,002,065,740)
Changes in assumptions or other inputs	(5,291,448,855)
Contributions - Member	42,614,005
Benefit payments	(1,232,987,247)
Net changes	(7,529,008,876)
Balance at June 30, 2018	\$ 46,110,832,982

There were no changes in benefit terms from 2017 to 2018.

Changes in assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017 to 3.87% in 2018.

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate -**  
The State's proportionate share of the total non-employer OPEB liability as of June 30, 2018, associated with the School District using a discount rate of 3.87%, as well as using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current discount rate.

	2.87%	3.87%	4.87%
Total OPEB Liability (School Retirees)	\$ 80,913,340	\$ 68,442,370	\$ 58,530,036

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Cost**

**Trend Rates** - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2018, associated with the School District, using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 94,512,554	\$ 80,913,340	\$ 67,803,867

Additional information – Collective balances at June 30, 2018 and 2017, are as follows:

	June 30, 2018	June 30, 2017
Collective deferred outflows of resources	\$ 1,377,313,892	\$ 99,843,255
Collective deferred inflows of resources	16,189,378,926	6,443,612,287
Collective OPEB Expense	2,129,660,368	3,348,490,523
District's proportion	0.15%	0.15%

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

For the fiscal year ended June 30, 2019, the board of education recognized \$2,703,022 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2018, measurement date.

In accordance with GASB No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (4,476,086,167)
Changes of assumptions or other inputs		(10,335,978,867)
Total	None	\$ (14,812,065,034)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 9: POSTEMPLOYMENT BENEFITS (CONTINUED)**

<u>Year Ended June 30,</u>		
2019	\$	(1,825,218,593)
2020		(1,825,218,593)
2021		(1,825,218,593)
2022		(1,825,218,593)
2023		(1,825,218,593)
Thereafter		(5,685,972,069)
	<u>\$</u>	<u>(14,812,065,034)</u>

**NOTE 10: DEFERRED COMPENSATION**

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years.

Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning, Inc.	MetLife
MetLife Universal-Travelers	Voya Financial

**NOTE 11: COMPENSATED ABSENCES**

The District accounts for compensated absences using the termination method (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 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.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. The District's policy permits Association employees to accumulate sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave if the employee has a minimum of 100 days in accordance with District's agreements with the various employee unions. The District uses the vesting method to record the liability.

For the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the Governmental Fund at June 30, 2019, is \$350,510. The liability for compensated absences in the Food Service Fund at June 30, 2019, is \$3,220.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12: LABOR CONTRACTS**

As of June 30, 2019, the District's teachers, school nurses, LDT-C, social workers, guidance counselors, and psychologists are organized in the Pitman Education Association collective bargaining unit which expired on June 30, 2019, and the Pitman Administrator's Association collective bargaining unit will expire on June 30, 2020.

**NOTE 13: EMPLOYEE BENEFITS**

The District established and maintains a cafeteria plan for health benefits required by NJSA 18A:16-19.1 as amended by P.L. 2011, c.78, s.51. The District entered into a pre-tax benefits plan with AFLAC. The medical care reimbursement plan maximum amount for staff was \$2,500 for medical and \$5,000 for dependent care.

**NOTE 14: RISK MANAGEMENT**

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

**Property and Liability Insurance:**

The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the current fiscal year the District did not incur claims in excess of coverage amounts.

The District is a member of the New Jersey School Boards Association Insurance Group - ERIC - South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Worker's Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

**New Jersey Unemployment Compensation Insurance:**

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



**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 14: RISK MANAGEMENT (CONTINUED)**

Fiscal Year	Interest Contributions	Other	Employee Contributions	Amount Reimbursed	Ending Balance
2018-2019	\$ 1,318		\$ 27,223	\$ 34,072	\$ 330,998
2017-2018	1,337	\$ 6,694	27,680	36,005	336,529
2016-2017	1,319		20,385	12,933	336,823

**NOTE 15: OPERATING LEASES**

The District has commitments to lease copy machines under non-cancelable operating leases spanning 48 months. Monthly payments range from \$86-\$2,776 a month per machine. The District also has a commitment for a postage machine under non-cancelable operating leases spanning 60 months at a monthly payment of \$57. Total lease payments made during the year ended June 30, 2019, amounted to \$37,707. Future minimum lease payments are as follows:

Year Ended June 30,	Amount
2020	\$ 36,673
2021	34,666
2022	342
	<u>\$ 71,681</u>

**NOTE 16: FUND BALANCE APPROPRIATED**

Restrictions of fund balances of Governmental Funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the General Fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

**Non-Spendable Fund Balance** - The District had no non-spendable fund balance at June 30, 2019.

**Restricted Fund Balance:**

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**NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)**

**Capital Reserve Account** - Of the \$490,394 balance in the capital reserve account at June 30, 2019, \$100,000 has been designated for utilization in the 2019-2020 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long-range facilities plan.

**Maintenance Reserve Account** - Of the \$511,222 balance in the maintenance reserve account at June 30, 2019, \$100,000 has been designated for utilization in the 2019-2020 budget. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (NJSA 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

**Excess Surplus** - At June 30, 2019, excess surplus created in FY 2018 of \$119,242 will be utilized for expenditures in the 2019-2020 budget, while excess surplus created in FY 2019 of \$0 is restricted and will be utilized for budget expenditures in 2020-2021.

**Debt Service Fund** - At June 30, 2019, there was a (\$333) fund balance.

**Committed Fund Balance** - The District had no fund balance at June 30, 2019.

**Assigned Fund Balance** - At June 30, 2019, the District has assigned \$419,731 of General Fund balance; \$415,758 has been designated for utilization in the 2019-2020 budget; \$3,973 was assigned for other purposes as of the year-end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

**Unassigned Fund Balance** - At June 30, 2019, the District has (\$416,362) of unassigned fund balance in the General Fund.

**NOTE 17: CALCULATION OF EXCESS SURPLUS**

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund, fund balance, at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019, is \$119,242.

**NOTE 18: DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$416,362 (Exhibit B-1) in the General Fund and \$333 in the Debt Service Fund as of June 30, 2019, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event the June state school aid payments are not made until the following school budget year, districts must record the last June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the state is recording

**BOROUGH OF PITMAN SCHOOL DISTRICT  
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**NOTE 18: DEFICIT FUND BALANCES (CONTINUED)**

the June state aid payments in the subsequent fiscal year, the School District cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

**NOTE 19: ECONOMIC DEPENDENCY**

The District is heavily reliant on state aid and local tax levy to fund the District operations. State sources funded approximately 48.6% and taxes fund 48% of the District's 2018-2019 governmental operations excluding capital projects.

**NOTE 20: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remain on the balance sheet at June 30, 2019:

	Interfund	
	Receivable	Payable
General fund	\$ 32,233	
Food service fund		\$ 21,900
Debt service fund		333
Payroll and agency		10,000
	\$ 32,233	\$ 32,233

The interfund is a result of advance funding of the Section 125 Plan for payroll agency and for cash flow purposes for food service.

**NOTE 21: POSTEMPLOYMENT HEALTHCARE PLAN**

**Plan Description** - Borough of Pitman School District, New Jersey Postemployment Healthcare Benefit Plan is a single-employer defined benefit healthcare plan administered by AmeriHealth. Current retirees receive medical and prescription drug coverage from an AmeriHealth Traditional Plan. One retiree receives medical, prescription drug, and limited dental coverage under a Horizon Medicare Blue Plan. Current retirees and current surviving spouses receive coverage for life. No current active employees are eligible for post-retirement healthcare benefits.

**Funding Policy** - Retirees contribute \$25 per month towards their healthcare premiums, which cover medical, prescription drug, and vision benefits. The rest of the premiums are paid by the Board. The individual contribution requirements of the healthcare plan were established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2019 the School District contributed \$85,261 to the plan for current premiums.

As of June 30, 2019, there were 6 retirees receiving post-retirement healthcare benefits

**Total OPEB Liability** - Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 21: POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**ACTUARIAL ASSUMPTIONS AND METHODS**

The actuarial assumptions used to value the postretirement medical liabilities can be categorized into three groups:

- Economic Assumptions – the discount rate and health care cost trend rates.
- Benefit assumptions – the initial per capita cost rates for medical and prescription drug coverage.
- Demographic assumptions – including the probabilities of retiring, dying, terminating (without a benefit), becoming disabled, recovery from disability, election (participating rates), and coverage levels.

Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphasis on expected long-term future trends rather than giving undue weight to recent past experience. The reasonableness of each actuarial assumption was considered independently, based on its own merits, its consistency with each other assumption, and the combined impact of all assumptions.

**ECONOMIC ASSUMPTIONS**

The two primary economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

**GASB 75 Discount Rate**

The discount rate for unfunded plans should be the single rate that reflects a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/AAa or higher (or an equivalent quality on another scale). The plan is currently unfunded. We used the “20-Bond GO Index” to establish a discount rate of 3.50% and 3.50% as of the beginning and end of the year, respectively.

**Health Care Cost Trend Rates**

Plan premium rates are assumed to increase at 6% and 4.5% per annum for AmeriHealth and Horizon post-65 coverage, respectively.

**BENEFIT ASSUMPTIONS**

The valuation projects the cost to the Board of providing medical benefits to a closed group of retirees.

**Monthly Per Capita Claims Cost**

The monthly premium rates for the annual periods beginning July 1, 2018 and July 1, 2019, are as follows:

Period	AmeriHealth Traditional	Horizon Medicare Blue
July 1, 2018 - June 30, 2019	\$ 722.36	\$ 405.36
July 1, 2019 - June 30, 2020	1,034.97	405.36

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 21: POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**DEMOGRAPHIC ASSUMPTIONS**

**Mortality**

Sex-distinct RP-2014 Healthy White-Collar Annuitants Mortality Table (head-counted weighted) projected with scale MP-2018.

**Retirement Rates**

N/A

**Withdrawal**

N/A

**Participation Rates**

N/A

**Spousal/Dependent Coverage**

None

**Expenses**

No administrative expenses above those included in the above per capita claims' costs are assumed in the valuation.

**Decrement Timing**

All decrements and benefit payments are assumed to occur at the middle of the year.

**Methods**

GASB 75 Actuarial Cost Method

The actuarial cost method used to determine the plan's cost is the Entry Age Normal Cost Method. Under the entry age normal cost method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The Service Cost is the portion of this actuarial present value allocated to a valuation year. The Total Pension Liability is the portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future service costs.

**Asset Valuation Method**

The plan is currently unfunded.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 21: POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

	Total OPEB Liability	
	6/30/2018	6/30/2019
Total OPEB liability at beginning of year	<u>\$ 309,037</u>	<u>\$ 301,051</u>
Changes for the year:		
Service cost		
Interest	10,054	10,363
Benefit payments	(43,570)	(49,406)
Administrative expenses		
Actuarial assumption changes	(3,570)	3,633
Actuarial demographic (gain) or loss	29,100	129,402
Plan amendments		
Net changes	<u>(7,986)</u>	<u>93,992</u>
Total OPEB liability at end of year	<u>\$ 301,051</u>	<u>\$ 395,043</u>

	<u>6/30/2018</u>	<u>6/30/2019</u>
<b>Changes in plan fiduciary net position during the year</b>		
Fair value of plan assets at beginning of year		
Employer contributions	\$ 43,570	\$ 49,406
Benefit payments	(43,570)	(49,406)
Projects investment returns over the year	-	-
Plan asset gain or (loss)	-	-
Administrative expenses	-	-
	<u>6/30/2018</u>	<u>6/30/2019</u>
<b>Net OPEB liability at end of year, calculated using a discount rate that is:</b>		
1-Percentage point higher	\$ 287,508	\$ 378,102
1-Percentage point lower	315,308	413,446
<b>Net OPEB liability at end of year, calculated using a healthcare cost trend rate that is:</b>		
1-Percentage point higher	314,203	411,189
1-Percentage point lower	288,710	379,845

**NOTE 22: INVESTMENT IN SOLAR RENEWABLE ENERGY CERTIFICATES (SREC'S)**

The SREC program provides a means for Solar Renewable Energy Certificates (SREC's) to be created for every megawatt-hour of solar electricity created. The SREC is sold separately from the electricity and represents the "solar" aspect of the electricity that was produced. The value of a SREC is determined by the market subject to supply and demand constraints. SREC's can be sold to electricity suppliers needing to meet their solar RPS requirement. The market is

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 22: INVESTMENT IN SOLAR RENEWABLE ENERGY CERTIFICATES (SREC'S)  
(CONTINUED)**

typically capped by a fine or solar alternative compliance payment paid by any electricity suppliers for every SREC they fall short of the requirement.

The School District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quotes prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. As of June 30, 2019, the investment in SREC's was \$0. All SREC's available as of June 30, 2019, were sold by year-end and no amount was recorded as a receivable.

**NOTE 23: TAX ABATEMENTS**

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.

The Borough of Pitman did not have any tax abatements for the year ended December 31, 2018.

**NOTE 24: COMMITMENTS AND CONTINGENCIES**

The School District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the opinion of the administration and legal counsels, that there exists no litigation or contingent liability that may be pending against the Borough of Pitman School District that would have a material or adverse effect on the Board or the financial position of the District.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 25: CHANGE IN ACCOUNTING ESTIMATE**

During the prior year beginning July 1, 2017, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" whose primary objective is to improve accounting and financial reporting for postemployment benefits other than pensions (OPEB). These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures for OBEB.

The State is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraph 193 and 203 through 205 of GASB Statement No. 75 is zero.

The effect of the State being the only entity that has a legal obligation to make employer contributions to OPEB is to eliminate the OPEB liability and deferred inflows related to OPEB by increasing the fiscal year ended June 30, 2018, net position by \$88,930,118 which is the prior period net OPEB liability and deferred inflows related to OPEB. Financial statements for the fiscal year ended June 30, 2018, have not been restated, and the cumulative effect of the change totaling \$88,930,118, is shown as a one-time credit to net position in the fiscal year ended June 30, 2019, statement of activities.

**NOTE 26: SUBSEQUENT EVENT**

On July 17, 2019, and August 21, 2019, the Board approved two three-year leases for technology equipment and textbooks/instructional materials. The capital lease is for \$24,106 and \$11,805 at a rate of 3.77%. The lease/purchase agreement is with Dell Financial Services. The following is a schedule of the future minimum lease payments under the capital leases:

Year Ended			
June 30,	Principal	Interest	Total
2020	\$ 12,845		\$ 12,845
2021	11,116	\$ 1,729	12,845
2022	11,949	896	12,845
	<u>\$ 35,910</u>	<u>\$ 2,625</u>	<u>\$ 38,535</u>

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2019 and November 12, 2019, the date that the financial statements were issued for possible disclosure and recognition in the financial statements and no additional items have come to the attention of the District that would require disclosure.



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 13,883,866		\$ 13,883,866	\$ 13,883,866	
Tuition from individuals	105,250		105,250	79,304	\$ (25,946)
Tuition from other LEA's within the state				171,331	171,331
Interest on investments	25,000		25,000	9,808	(15,192)
Interest on capital reserve funds	1,350		1,350	169	(1,181)
Miscellaneous	201,444		201,444	162,662	(38,782)
<b>Total - local sources</b>	<b>14,216,910</b>		<b>14,216,910</b>	<b>14,307,140</b>	<b>90,230</b>
State sources:					
Transportation aid	148,522		148,522	148,522	
Extraordinary aid	75,000		75,000	201,383	126,383
Special education aid	925,239		925,239	925,239	
Equalization aid	7,117,182		7,117,182	7,117,182	
Security aid	142,285		142,285	142,285	
Adjustment aid	1,420,276	\$ (167,589)	1,252,687	1,252,687	
Teachers' pension and annuity fund (on-behalf non-budgeted)				2,359,847	2,359,847
TPAF post-retirement medical (on-behalf non-budgeted)				1,070,423	1,070,423
TPAF long-term disability insurance (on-behalf non-budgeted)				2,039	2,039
Reimbursed TPAF social security contributions (non-budgeted)				886,757	886,757
<b>Total - State sources</b>	<b>9,828,504</b>	<b>(167,589)</b>	<b>9,660,915</b>	<b>14,106,364</b>	<b>4,445,449</b>
Federal sources:					
Medical assistance program	31,474		31,474	38,230	6,756
<b>Total - federal sources</b>	<b>31,474</b>		<b>31,474</b>	<b>38,230</b>	<b>6,756</b>
<b>Total revenues</b>	<b>\$ 24,076,888</b>	<b>\$ (167,589)</b>	<b>\$ 23,909,299</b>	<b>\$ 28,451,734</b>	<b>\$ 4,542,435</b>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 371,386	\$ (5,988)	\$ 365,398	\$ 365,398	
Grades 1-5	2,714,386	(67,278)	2,647,108	2,647,108	
Grades 6-8	1,648,832	77,435	1,726,267	1,726,267	
Grades 9-12	2,351,285	(8,350)	2,342,935	2,342,935	
Regular programs - home instruction:					
Salaries of teachers	5,000	8,473	13,473	13,473	
Purchased professional - educational services	14,000	13,032	27,032	27,032	
Regular programs - undistributed instruction:					
Purchased technical services	246,062	(24,105)	221,957	221,138	\$ 819
Other purchased services (400-500 series)	238,585	(21,194)	217,391	210,698	6,693
General supplies	218,317	13,175	231,492	206,195	25,297
Textbooks	28,800	21,255	50,055	44,486	5,569
Miscellaneous expenditures	3,200	1,576	4,776	3,253	1,523
Total regular programs	7,839,853	8,031	7,847,884	7,807,983	39,901
Learning and/or language disabilities:					
Salaries of teachers	84,352	(83,502)	850		850
Other salaries for instruction	48,928	(48,588)	340	58	282
General supplies	3,410		3,410	3,247	163
Textbooks	500		500		500
Total learning and/or language disabilities	137,190	(132,090)	5,100	3,305	1,795
Multiple disabilities:					
Salaries of teachers	460,252	146,714	606,966	606,121	845
Other salaries for instruction	168,470	68,234	236,704	234,063	2,641
General supplies	22,500	(9,468)	13,032	12,959	73
Textbooks	2,500	(2,395)	105	105	
Total multiple disabilities	653,722	203,085	856,807	853,248	3,559
Resource room:					
Salaries of teachers	1,496,365	(76,678)	1,419,687	1,418,901	786
Other salaries for instruction	402,249	(30,448)	371,801	359,809	11,992
General supplies	10,000	2,000	12,000	6,838	5,162
Textbooks	4,500	(2,000)	2,500	323	2,177
Total resource room	1,913,114	(107,126)	1,805,988	1,785,871	20,117

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool disabilities part-time:					
Salaries of teachers	68,224	3,687	71,911	68,734	3,177
Other salaries for instruction	9,645	1,213	10,858	9,432	1,426
General supplies	2,850	6,500	9,350	8,138	1,212
Textbooks	300		300		300
Total preschool disabilities	81,019	11,400	92,419	86,304	6,115
Home instruction:					
Salaries of teachers	7,000		7,000	1,764	5,236
Purchased professional - educational services	10,000		10,000		10,000
Total home instruction	17,000		17,000	1,764	15,236
Total special education	2,802,045	(24,731)	2,777,314	2,730,492	46,822
Basic skills/remedial:					
Salaries of teachers	429,086	(80,102)	348,984	337,916	11,068
General supplies	6,218	(160)	6,058	1,339	4,719
Textbooks	7,442	10	7,452	991	6,461
Total basic skills/remedial	442,746	(80,252)	362,494	340,246	22,248
Bilingual:					
General supplies	500		500		500
Textbooks	200		200		200
Total bilingual	700		700		700
School sponsored co-curricular activities:					
Salaries	120,939	146	121,085	121,085	
Purchased services (300-500 series)	14,200	(1,140)	13,060	6,072	6,988
General supplies	3,200		3,200	2,273	927
Miscellaneous expenditures	7,460	(616)	6,844	3,113	3,731
Funds transfer	10,000		10,000		10,000
Total school sponsored co-curricular activities	155,799	(1,610)	154,189	132,543	21,646
School sponsored athletics - instruction:					
Salaries	267,812	469	268,281	268,281	
Purchased services (300-500 series)	82,220	(5,500)	76,720	65,886	10,834
General supplies	37,780	(1,700)	36,080	35,997	83
Miscellaneous expenditures	17,475	7,200	24,675	24,316	359
Total school sponsored athletics - instruction	405,287	469	405,756	394,480	11,276
Total other instructional programs	1,004,532	(81,393)	923,139	867,269	55,870
Total - instruction	11,646,430	(98,093)	11,548,337	11,405,744	142,593

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction:					
Tuition to LEA's within state regular	11,464	(1,126)	10,338	10,338	
Tuition to LEA's within state special		45,061	45,061	45,061	
Tuition county vocational school regular	143,700	(23,907)	119,793	119,793	
Tuition to county special services district & regional day schools	568,930	(1,050)	567,880	567,880	
Tuition to private schools for the handicapped- in state	545,820	2,628	548,448	548,448	
Tuition to private schools for the handicapped-out of state		30,552	30,552	30,552	
Tuition - state facility	33,536		33,536	33,536	
Total undistributed expenditures - instruction	1,303,450	52,158	1,355,608	1,355,608	
Health services:					
Salaries of other professional staff	447,742	13,569	461,311	449,982	11,329
Other salaries for instruction	31,578	(2,715)	28,863	28,115	748
Purchased professional - educational services	10,800	1,470	12,270	11,690	580
Supplies and materials	6,413	30	6,443	4,652	1,791
Total health services	496,533	12,354	508,887	494,439	14,448
Related services:					
Salaries of teachers	247,201	4,346	251,547	251,242	305
Purchased professional - educational services	12,000	(1,624)	10,376	10,376	
General supplies	2,500	(406)	2,094	2,094	
Total related services	261,701	2,316	264,017	263,712	305
Extraordinary services:					
Purchased professional - educational services	40,000	(717)	39,283	21,395	17,888
Total extraordinary services	40,000	(717)	39,283	21,395	17,888
Guidance services:					
Salaries of other professional staff	605,256	95,670	700,926	696,530	4,396
Salaries of secretarial and clerical assistants	52,652	2,759	55,411	55,012	399
Purchased professional technical services	7,500	634	8,134	8,134	
Other purchased services (400-500 series)	1,900	(556)	1,344	113	1,231
Supplies and materials	5,267	710	5,977	3,659	2,318
Other objects	1,140		1,140	690	450
Total guidance services	673,715	99,217	772,932	764,138	8,794
Child study team:					
Salaries of other professional staff	556,731	(66,039)	490,692	488,251	2,441
Salaries of secretarial and clerical assistants	102,105	(14,105)	88,000	87,692	308
Purchased professional - technical services	18,000	1,094	19,094	19,094	
Other purchased services (400-500 series)	1,500	(656)	844	714	130
Supplies and materials	8,825	(5,613)	3,212	2,741	471
Other objects	150		150	17	133
Total child study team	687,311	(85,319)	601,992	598,509	3,483

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of instructional services/other support services - instructional staff:					
Salaries of supervisors of instruction	110,000	100	110,100	110,100	
Salaries of other professional staff	49,600	(4,331)	45,269	45,269	
Salaries of secretarial and clerical assistants	47,432	15,121	62,553	59,071	3,482
Other purchased services (400-500 series)	1,500	(860)	640	449	191
Supplies and materials	732	2,355	3,087	3,065	22
Other objects	3,300	(2,257)	1,043	1,043	
<b>Total improvement of instructional services/other support services - instructional staff</b>	<b>212,564</b>	<b>10,128</b>	<b>222,692</b>	<b>218,997</b>	<b>3,695</b>
Educational media services/school library:					
Salaries	278,093	(17,413)	260,680	212,993	47,687
Salaries of technology coordinator	83,595		83,595	83,594	1
Other purchased services (400-500 series)	500	1,242	1,742	1,234	508
Supplies and materials	25,000		25,000	16,731	8,269
Other objects	1,300		1,300	982	318
<b>Total educational media services/school library</b>	<b>388,488</b>	<b>(16,171)</b>	<b>372,317</b>	<b>315,534</b>	<b>56,783</b>
Instructional staff training:					
Salaries of other professional staff	26,500	1,235	27,735	27,735	
Purchased professional - educational services	20,000	(9,268)	10,732	7,867	2,865
Other purchased services (400-500 series)	17,000	4,824	21,824	16,069	5,755
<b>Total instructional staff training</b>	<b>63,500</b>	<b>(3,209)</b>	<b>60,291</b>	<b>51,671</b>	<b>8,620</b>
Support services general administration:					
Salaries	221,469	1,109	222,578	222,578	
Legal services	29,600	(10,447)	19,153	19,153	
Audit fees	19,778	(28)	19,750	19,750	
Other professional services	54,665	40,687	95,352	92,610	2,742
Purchased technical services	19,300		19,300	18,103	1,197
Communications/telephone	41,590	7,800	49,390	45,698	3,692
Miscellaneous purchased services (400-500 series)	78,700	(12,751)	65,949	64,501	1,448
General supplies	6,000		6,000	5,343	657
Miscellaneous expenditures	6,000	2,425	8,425	8,400	25
BOE member dues/fees	11,600	343	11,943	11,943	
<b>Total support services general administration</b>	<b>488,702</b>	<b>29,138</b>	<b>517,840</b>	<b>508,079</b>	<b>9,761</b>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services school administration					
Salaries of principals/assistant principals	786,755	700	787,455	787,455	
Salaries of other professional staff	67,238	(16,174)	51,064	51,064	
Salaries of secretarial and clerical assistants	337,805	(13,717)	324,088	320,746	3,342
Purchased professional educational services	2,000	(746)	1,254		1,254
Purchased professional - technical services	7,000		7,000	3,890	3,110
Other purchased services (400-500 series)	9,600	896	10,496	2,329	8,167
Supplies and materials	22,526		22,526	17,534	4,992
Other objects	16,650		16,650	9,552	7,098
<b>Total support services school administration</b>	<b>1,249,574</b>	<b>(29,041)</b>	<b>1,220,533</b>	<b>1,192,570</b>	<b>27,963</b>
Central services:					
Salaries	283,688	(11,756)	271,932	271,932	
Purchased technical services	24,120		24,120	21,819	2,301
Other purchased services (400-500 series)	2,890	(861)	2,029	1,238	791
Supplies and materials	6,000		6,000	5,228	772
Interest on lease purchase agreements	6,578		6,578	4,078	2,500
Other objects	2,440	2,015	4,455	4,455	
<b>Total central services</b>	<b>325,716</b>	<b>(10,602)</b>	<b>315,114</b>	<b>308,750</b>	<b>6,364</b>
Required maintenance:					
Cleaning, repair, and maintenance services	104,490	125,906	230,396	187,777	42,619
<b>Total required maintenance</b>	<b>104,490</b>	<b>125,906</b>	<b>230,396</b>	<b>187,777</b>	<b>42,619</b>
Custodial services					
Salaries	1,000,811	(4,697)	996,114	971,520	24,594
Purchased professional - technical services	11,000		11,000	8,834	2,166
Cleaning, repair, and maintenance services	54,500	6,889	61,389	60,075	1,314
Other purchased property services	16,000		16,000	13,889	2,111
Insurance	125,247		125,247	125,243	4
Miscellaneous purchased services	2,000		2,000	1,100	900
General supplies	100,000		100,000	97,229	2,771
Natural gas	120,345	25,820	146,165	124,342	21,823
Electricity	240,000	(35,500)	204,500	187,087	17,413
Other objects	1,000		1,000	796	204
<b>Total custodial services</b>	<b>1,670,903</b>	<b>(7,488)</b>	<b>1,663,415</b>	<b>1,590,115</b>	<b>73,300</b>
Security					
Other professional-technical services		50,000	50,000	50,000	
<b>Total security</b>		<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	
<b>Total operation and maintenance of plant services</b>	<b>1,775,393</b>	<b>168,418</b>	<b>1,943,811</b>	<b>1,827,892</b>	<b>115,919</b>
Student transportation services:					
Salaries non-instructional aides	31,637	9,700	41,337	41,337	
Cleaning, repair, and maintenance services	5,000	(3,080)	1,920	1,430	490
Contracted services (between home and school) - vendors	5,768		5,768	2,000	3,768
Contracted services (other than between home and school) - vendors	91,276	40,154	131,430	104,101	27,329
Contracted services (special education students) - vendors	90,000	167,957	257,957	257,957	
Contracted services (special education students) - joint agreements	227,540	47,854	275,394	275,394	
General supplies		3,050	3,050	2,329	721
Other objects		160	160	160	
<b>Total student transportation services</b>	<b>451,221</b>	<b>265,795</b>	<b>717,016</b>	<b>684,708</b>	<b>32,308</b>



BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated benefits:					
Group insurance	7,150	(410)	6,740	5,796	944
Social security	295,000	4,895	299,895	299,800	95
Other retirement - regular	340,000	893	340,893	339,254	1,639
Worker's compensation	148,800		148,800	148,800	
Health benefits	3,375,168	(412,858)	2,962,310	2,844,109	118,201
Tuition reimbursement	50,000	(27,668)	22,332	22,331	1
Other employee benefits	243,500	140	243,640	233,257	10,383
Unused sick payment	22,463		22,463	16,590	5,873
Total unallocated benefits	4,482,081	(435,008)	4,047,073	3,909,937	137,136
Teachers' Pension and Annuity Fund (on-behalf non-budgeted)				2,359,847	(2,359,847)
TPAF post-retirement (on-behalf non-budgeted)				1,070,423	(1,070,423)
TPAF long-term disability insurance (on-behalf non-budgeted)				2,039	(2,039)
Reimbursed TPAF social security contributions (non-budgeted)				886,757	(886,757)
Total on-behalf contributions				4,319,066	(4,319,066)
Total undistributed expenditures	12,899,949	59,457	12,959,406	16,835,005	(3,875,599)
Total expenditures - current expense	24,546,379	(38,636)	24,507,743	28,240,749	(3,733,006)
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Undistributed expenditures:					
Custodial		10,272	10,272	10,272	
Total equipment		10,272	10,272	10,272	
Facilities acquisition and construction services:					
SDA assessments	2,213		2,213	2,213	
Total facilities acquisition and construction services	2,213		2,213	2,213	
Assets acquired under capital leases (non-budgeted):					
Support services - students regular				184,624	(184,624)
Operations and maintenance of plant services				1,039,211	(1,039,211)
Total assets acquired under capital leases (non-budgeted)				1,223,835	(184,624)
Total capital outlay	2,213	10,272	12,485	1,236,320	(184,624)
Total expenditures	\$ 24,548,592	\$ (28,364)	\$ 24,520,228	\$ 29,477,069	\$ (3,917,630)

BOROUGH OF PITMAN SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (deficiency) of revenues over (under) expenditures	\$ (471,704)	\$ (139,225)	\$ (610,929)	\$ (1,025,335)	\$ 624,805
Other financing sources (uses):					
Transfer to enterprise funds	(80,000)		(80,000)	(80,000)	
Capital leases (non-budgeted)				1,223,835	(1,223,835)
Maintenance reserve to required maintenance		(139,225)	(139,225)		(139,225)
Total other financing sources (uses)	(80,000)	(139,225)	(219,225)	1,143,835	(1,363,060)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(551,704)		551,704	118,500	(738,255)
Fund balances - July 1	1,900,772		1,900,772	1,900,772	
Fund balances - June 30	<u>\$ 1,349,067</u>		<u>\$ 2,452,476</u>	<u>\$ 2,019,272</u>	<u>\$ (738,255)</u>
<b>Recapitulation:</b>					
<b>Restricted fund balance:</b>					
Capital reserve				\$ 490,394	
Maintenance reserve				511,222	
Excess surplus - designated for subsequent year's expenditures				119,242	
<b>Assigned fund balance:</b>					
Year-end encumbrances				3,973	
Designated for subsequent year's expenditures				415,758	
<b>Unassigned fund balance</b>				478,683	
				<u>2,019,272</u>	
Reconciliation to Governmental Fund Statements (GAAP):					
Last state aid payments not recognized on GAAP Basis				(895,045)	
Fund balance per Governmental Funds (GAAP)				<u>\$ 1,124,227</u>	

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 484,074	\$ 91,570	\$ 575,644	\$ 575,643	\$ 1
Total revenues	<u>\$ 484,074</u>	<u>\$ 91,570</u>	<u>\$ 575,644</u>	<u>\$ 575,643</u>	<u>\$ 1</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 113,766		\$ 113,766	\$ 113,765	\$ 1
Other salaries for instruction		\$ 14,409	14,409	14,409	
Other purchased services (400-500 series)		149	149	149	
Tuition	319,353	35,410	354,763	354,763	
General supplies	7,386	7,350	14,736	14,736	
Total instruction	<u>440,505</u>	<u>57,318</u>	<u>497,823</u>	<u>497,822</u>	<u>\$ 1</u>
Support services:					
Salaries of supervisors of instruction	27,000		27,000	27,000	
Personal services - employee benefits	12,896	18,338	31,234	31,234	
Purchased professional - technical services	3,673	15,914	19,587	19,587	
Total support services	<u>43,569</u>	<u>34,252</u>	<u>77,821</u>	<u>77,821</u>	
Total expenditures	<u>\$ 484,074</u>	<u>\$ 91,570</u>	<u>\$ 575,644</u>	<u>\$ 575,643</u>	<u>\$ 1</u>

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

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Required Supplementary Information  
 Budget-to-GAAP Reconciliation -  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2019

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

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1] \$ 28,451,734	[C-2] \$ 575,643
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(895,045)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	904,273	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2] \$ 28,460,962	[B-2] \$ 575,643
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] \$ 29,477,069	[C-2] \$ 575,643
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	[B-2] \$ 29,477,069	[B-2] \$ 575,643

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)**

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS  
 Last Six Fiscal Years

	Fiscal Year Ended					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0322971201%	0.0331956236%	0.0337543698%	0.0359699384%	0.0334760830%	0.0332462894%
District's proportionate share of the net pension liability (asset)	\$ 6,359,142	\$ 7,727,411	\$ 9,997,076	\$ 8,074,530	\$ 6,267,638	\$ 6,354,026
District's covered-employee payroll	2,382,131	2,419,120	2,473,296	2,436,419	2,531,363	2,544,847
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	266.95%	319.43%	404.20%	331.41%	247.60%	249.68%
Plan fiduciary net position as a percentage of the total pension liability	53.59%	48.10%	40.13%	47.92%	52.08%	48.72%
Measurement date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013



BOROUGH OF PITMAN SCHOOL DISTRICT  
Schedule of District Contributions - PERS  
Last Six Fiscal Years

	Fiscal Year Ended					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 321,252	\$ 307,522	\$ 299,869	\$ 309,425	\$ 275,972	\$ 250,504
Contributions in relation to the contractually required contribution	321,252	307,522	299,869	309,425	275,972	250,504
Contribution deficiency (excess)	None	None	None	None	None	None
District's covered-employee payroll	\$ 2,382,131	\$ 2,419,120	\$ 2,473,296	\$ 2,169,341	\$ 2,397,778	\$ 2,313,411
Contributions as a percentage of covered-employee payroll	13.49%	12.71%	12.12%	14.26%	11.51%	10.83%
Measurement date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF  
 Last Six Fiscal Years

	Fiscal Year Ended					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.1149330543%	0.1138015958%	0.1123228800%	0.1153393978%	0.1091881787%	0.1138993907%
District's proportionate share of the net pension liability (asset)	\$ 7,311,794	\$ 76,729,139	\$ 88,360,329	\$ 72,899,425	\$ 58,357,528	\$ 57,563,856
District's covered-employee payroll	12,962,070	12,944,897	12,643,235	12,200,614	12,003,103	12,028,488
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	56.41%	592.74%	698.87%	597.51%	486.19%	478.56%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%
Measurement date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation – 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS**

BOROUGH OF PITMAN SCHOOL DISTRICT  
Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Two Fiscal Years

	Fiscal Year Ended	
	2019	2018
Total OPEB Liability		
Service cost	\$ 2,482,595	\$ 3,000,040
Interest	2,889,190	2,508,233
Changes of benefit terms		
Differences between expected and actual experience	(6,405,154)	
Changes of assumptions or other inputs	(7,854,104)	(10,531,209)
Member contributions	63,252	67,461
Benefit payments	(1,830,125)	(1,832,048)
Net change in total OPEB liability	(10,654,346)	(6,787,523)
Total OPEB liability - beginning	79,096,716	85,884,239
Total OPEB liability - ending	\$ 68,442,370	\$ 79,096,716
Covered employee payroll	\$ 15,344,201	\$ 15,364,017
Total OPEB liability as a percentage of covered employee payroll	446.05%	514.82%

**Notes to Schedule:**

*Changes of benefit terms:*

There were no changes in benefit terms during the year.

*Changes of assumptions:*

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used in the period:

Discount	3.87%	3.58%
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**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**NOTES RELATED TO PENSIONS**

**NOTE 1: CONTRIBUTIONS**

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**NOTE 2: ACTUARIAL ASSUMPTIONS**

The total pension liability for the June 30, 2018, measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017, 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.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

**BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**NOTES RELATED TO OTHER POST-EMPLOYMENT BENEFITS**

**NOTE 3: CONTRIBUTIONS**

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with NJSA 52:14-17.32f. According to NJSA 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 Teacher’s Pension and Annuity Fund (TPAF) or the Public Employees’ Retirement System (PERS). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

**NOTE 4: ACTUARIAL ASSUMPTIONS**

The total nonemployer OPEB liability as of June 30, 2018, was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017, 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:

Inflation rate	2.50%
Salary increases (TPAF):	
Through 2026	1.55 – 4.55% based on years of service
Thereafter	2.00 – 5.45% based on years of service
Salary increases (PERS):	
Through 2026	2.15 – 4.15% based on age
Thereafter	3.15 – 5.15% based on age

Pre-retirement healthy mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 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-2006 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, 2017, valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 - June 30, 2014, for TPAF and PERS, respectively.

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

## **OTHER SUPPLEMENTARY INFORMATION**



**SPECIAL REVENUE FUND**

BOROUGH OF PITMAN SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2019

	Total Brought Forward Ex. E-1a	Title I SIA	Title I Part A	Totals	
				FY 2019	FY 2018
<b>REVENUES:</b>					
Federal sources	\$ 406,216	\$ 10,600	\$ 158,827	\$ 575,643	\$ 599,358
Total revenues	<u>\$ 406,216</u>	<u>\$ 10,600</u>	<u>\$ 158,827</u>	<u>\$ 575,643</u>	<u>\$ 599,358</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers			\$ 113,765	\$ 113,765	\$ 133,280
Other salaries for instruction	\$ 14,409			14,409	14,258
Other purchased services (400-500 series)	149			149	100
Tuition	354,763			354,763	361,450
General supplies		\$ 10,600	4,136	14,736	12,766
Total instruction	<u>369,321</u>	<u>10,600</u>	<u>117,901</u>	<u>497,822</u>	<u>521,854</u>
Support services:					
Salaries of supervisors of instruction	27,000			27,000	
Personal services - employee benefits			31,234	31,234	33,118
Purchased professional - technical services	9,895		9,692	19,587	44,386
Total support services	<u>36,895</u>		<u>40,926</u>	<u>77,821</u>	<u>77,504</u>
Total expenditures	<u>\$ 406,216</u>	<u>\$ 10,600</u>	<u>\$ 158,827</u>	<u>\$ 575,643</u>	<u>\$ 599,358</u>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2019

	IDEA Preschool	IDEA-Part B - Basic	Title II, Part A Teacher & Principal Training & Recruiting	Title III	Total Carried Forward
REVENUES:					
Federal sources	\$ 14,409	\$ 354,763	\$ 36,895	\$ 149	\$ 406,216
Total revenues	<u>\$ 14,409</u>	<u>\$ 354,763</u>	<u>\$ 36,895</u>	<u>\$ 149</u>	<u>\$ 406,216</u>
EXPENDITURES:					
Instruction:					
Other salaries for instruction	\$ 14,409				\$ 14,409
Tuition		\$ 354,763			354,763
Other purchased services (400-500 series)				\$ 149	149
Total instruction	<u>14,409</u>	<u>354,763</u>		<u>149</u>	<u>369,321</u>
Support services:					
Salaries of supervisors of instruction			\$ 27,000		27,000
Purchased professional - technical services			9,895		9,895
Total support services			<u>36,895</u>		<u>36,895</u>
Total expenditures	<u>\$ 14,409</u>	<u>\$ 354,763</u>	<u>\$ 36,895</u>	<u>\$ 149</u>	<u>\$ 406,216</u>

## PROPRIETARY FUNDS

BOROUGH OF PITMAN SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Net Position  
For the Fiscal Year Ended June 30, 2019

	Business-type Activities			Totals	
	Food Service	Preschool	Before/After	FY 2019	FY 2018
	Fund		School		
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 11,963		\$ 334,986	\$ 346,949	\$ 385,507
Accounts receivable:					
Federal	6,497			6,497	8,549
State	180			180	234
Other	1,087	\$ 2,627		3,714	782
Inventory	7,033			7,033	5,864
Total current assets	26,760	2,627	334,986	364,373	400,936
<b>NON-CURRENT ASSETS</b>					
Furniture, machinery & equipment	212,285			212,285	205,274
Less: accumulated depreciation	(169,478)			(169,478)	(164,673)
Total noncurrent assets	42,807			42,807	40,601
Total assets	69,567	2,627	334,986	407,180	441,537
<b>LIABILITIES AND NET POSITION</b>					
Current liabilities:					
Cash overdraft					14,331
Accounts payable	242		430	672	1,820
Intergovernmental accounts payable			1,900	1,900	
Interfund accounts payable	21,900			21,900	21,900
Unearned revenue	6,039	600		6,639	4,851
Compensated absences	3,220			3,220	6,583
Total current liabilities	31,401	600	2,330	34,331	49,485
Net position:					
Invested in capital assets, net of related debt	42,807			42,807	40,601
Unrestricted	(4,641)	2,027	332,656	330,042	351,451
Total net position	\$ 38,166	\$ 2,027	\$ 332,656	\$ 372,849	\$ 392,052

BOROUGH OF PITMAN SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2019

	Business-type Activities			Totals	
	Food Service Fund	Preschool	Before/After School	FY 2019	FY 2018
<b>OPERATING REVENUES:</b>					
Local sources:					
Daily sales - reimbursable programs:	\$ 133,374			\$ 133,374	\$ 123,828
Daily sales - non-reimbursable programs	74,083			74,083	70,196
Special function/miscellaneous	119			119	160
Tuition		\$ 66,005	\$ 189,171	255,176	281,671
Total operating revenue	207,576	66,005	189,171	462,752	475,855
<b>OPERATING EXPENSES:</b>					
Salaries	191,986	102,579	167,078	461,643	420,775
Employee benefits	14,922		12,202	27,124	24,817
Other purchased services (400-500 series)	4,583			4,583	4,161
Contracted services (other than between home and school)					1,302
Supplies and materials	13,725		13,278	27,003	69,221
Cost of sales - reimbursable	124,270			124,270	113,261
Cost of sales - non-reimbursable	63,912			63,912	66,115
Miscellaneous other expenses	647		4,173	4,820	4,274
Depreciation	4,804			4,804	4,550
Total operating expenses	418,849	102,579	196,731	718,159	708,476
Operating income (loss)	(211,273)	(36,574)	(7,560)	(255,407)	(232,621)
<b>NON-OPERATING REVENUES:</b>					
Other sources:					
Midlantic dairy					4,668
State sources:					
National school lunch program - state	3,722			3,722	3,665
Federal sources:					
National school lunch program	110,348			110,348	110,133
School breakfast program	20,111			20,111	19,984
Special milk program	162			162	144
Food distribution program	21,861			21,861	20,517
Total non-operating revenues (expenses)	156,204			156,204	159,111
Income (loss) before contributions	(55,069)	(36,574)	(7,560)	(99,203)	(73,510)
Transfers from general fund	26,468	53,532		80,000	80,000
Capital asset contribution					10,935
Net income (loss)	(28,601)	16,958	(7,560)	(19,203)	17,425
Total net position - July 1	66,767	(14,931)	340,216	392,052	374,627
Total net position - June 30	\$ 38,166	\$ 2,027	\$ 332,656	\$ 372,849	\$ 392,052

BOROUGH OF PITMAN SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Cash Flows  
For the Fiscal Year Ended June 30, 2019

	Business-type Activities			Totals	
	Food Service	Preschool	Before/After	FY 2018	FY 2018
	Fund		School		
Cash flows from operating activities:					
Receipts from customers	\$ 209,060	\$ 63,378	\$ 189,171	\$ 461,609	\$ 478,119
Payments to suppliers	(186,203)		(16,941)	(203,144)	(236,469)
Payments to employees	(195,349)	(102,579)	(167,078)	(465,006)	(426,565)
Payments for employee benefits	(14,922)		(12,202)	(27,124)	(24,817)
Net cash provided (used) by operating activities	(187,414)	(39,201)	(7,050)	(233,665)	(209,732)
Cash flows from non-capital financing activities:					
Cash received from state & federal reimbursements	136,449			136,449	148,590
Cash received from local grants					4,668
Net cash provided by non-capital financing activities	136,449			136,449	153,258
Cash flows from capital & related financing activities:					
Capital expenditures	(7,011)			(7,011)	(4,668)
Payments from general fund	26,468	53,532		80,000	80,000
Net cash provided by investing activities	19,457	53,532		72,989	75,332
Net increase in cash and cash equivalents	(31,508)	14,331	(7,050)	(24,227)	18,858
Cash and cash equivalents - July 1	43,471	(14,331)	342,036	371,176	352,318
Cash and cash equivalents - June 30	\$ 11,963		\$ 334,986	\$ 346,949	\$ 371,176
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (211,273)	\$ (36,574)	\$ (7,560)	\$ (255,407)	\$ (232,621)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation	4,804			4,804	4,550
Food distribution program	21,861			21,861	20,517
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(304)	(2,627)		(2,931)	981
(Increase) decrease in inventory	(1,169)			(1,169)	473
Increase (decrease) in accounts payable	242		(1,390)	(1,148)	875
Increase in intergovernmental accounts payable			1,900	1,900	
Increase (decrease) in compensated absences	(3,363)			(3,363)	(5,790)
Increase (decrease) in unearned revenue	1,788			1,788	1,283
	\$ (187,414)	\$ (39,201)	\$ (7,050)	\$ (233,665)	\$ (209,732)

## **FIDUCIARY FUNDS**



BOROUGH OF PITMAN SCHOOL DISTRICT  
Combining Statement of Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2019

	Unemployment Trust Fund	Agency Funds	Totals	
			FY 2019	FY 2018
<b>ASSETS</b>				
Cash and cash equivalents	\$ 330,998	\$ 173,928	\$ 504,926	\$ 515,444
Total assets	<u>\$ 330,998</u>	<u>\$ 173,928</u>	<u>504,926</u>	<u>515,444</u>
<b>LIABILITIES</b>				
Payroll deductions and withholdings		\$ 24,198	24,198	27,292
Due to student groups		139,730	139,730	141,623
Interfund payables:				
General fund		10,000	10,000	10,000
Total liabilities		<u>173,928</u>	<u>173,928</u>	<u>178,915</u>
<b>NET POSITION</b>				
Unreserved	\$ 330,998		330,998	336,529
Total net position	<u>\$ 330,998</u>		<u>\$ 330,998</u>	<u>\$ 336,529</u>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Combining Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2019

	Unemployment Trust Fund	Totals	
		FY 2019	FY 2018
<b>ADDITIONS:</b>			
Contributions:			
Plan members	\$ 27,223	\$ 27,223	\$ 27,680
Other			6,694
Total contributions	27,223	27,223	34,374
Investment earnings:			
Interest	1,318	1,318	1,337
Total investment earnings	1,318	1,318	1,337
Total additions	28,541	28,541	35,711
<b>DEDUCTIONS:</b>			
Unemployment claims	34,072	34,072	36,005
Change in net position	(5,531)	(5,531)	(294)
Net position - beginning of year	336,529	336,529	336,823
Net position - end of year	<u>\$ 330,998</u>	<u>\$ 330,998</u>	<u>\$ 336,529</u>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
Elementary:				
Kindle	\$ 3,757	\$ 10,454	\$ 9,048	\$ 5,163
Walls	8,632	4,993	10,719	2,906
Memorial	11,473	17,526	10,198	18,801
Elementary subtotal	23,862	32,973	29,965	26,870
Middle school	29,683	48,708	41,207	37,184
High school	72,101	199,737	215,966	55,872
District-wide	15,977	21,039	17,212	19,804
	<u>\$ 141,623</u>	<u>\$ 302,457</u>	<u>\$ 304,350</u>	<u>\$ 139,730</u>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>ASSETS</b>				
Cash and cash equivalents	\$ 37,292	\$ 18,284,276	\$ 18,287,370	\$ 34,198
Total assets	<u>\$ 37,292</u>	<u>\$ 18,284,276</u>	<u>\$ 18,287,370</u>	<u>\$ 34,198</u>
<b>LIABILITIES</b>				
Employees' net pay		\$ 9,958,336	\$ 9,958,336	
Payroll deductions and withholdings	\$ 27,292	8,325,169	8,328,263	\$ 24,198
Interfund payable General fund	10,000	771	771	10,000
Total liabilities	<u>\$ 37,292</u>	<u>\$ 18,284,276</u>	<u>\$ 18,287,370</u>	<u>\$ 34,198</u>

## **LONG-TERM DEBT**

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Long-Term Debt Account Group  
 Schedule of Serial Bonds  
 June 30, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
			Date	Amount					
School Bonds	1/11/2006	\$ 4,229,000				\$ 435,000		\$ 435,000	
School Bonds	12/16/2009	2,095,000				145,000		145,000	
Refunding School Bonds	6/2/2016	5,860,000	08/01/19	600,000.00	3.000%				
			08/01/20	620,000.00	4.000%				
			08/01/21	645,000.00	3.000%				
			08/01/22	665,000.00	4.000%				
			08/01/23	700,000.00	4.000%				
			08/01/24	720,000.00	4.000%				
			08/01/25	560,000.00	3.000%				
						4,510,000		\$ 4,510,000	
						\$ 5,090,000	None	\$ 580,000	\$ 4,510,000

BOROUGH OF PITMAN SCHOOL DISTRICT  
Schedule of Obligations Under Capital Leases  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2019

Purpose	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate	Amount Outstanding July 1, 2018	Issued	Retired	Amount Outstanding June 30, 2019
			Principal	Interest					
2016 Computers	09/30/16	3 years	\$ 149,412	\$ 3,714	2.50%	\$ 49,929		\$ 49,929	
2017 Computers	08/18/17	3 years	120,514	4,783	3.57%	79,262		38,936	\$ 40,326
Technology & textbooks	08/03/18	3 years	184,624	6,729	3.69%		\$ 184,624	63,784	120,840
Dump Truck	11/02/18	3 years	39,211	2,456	6.40%		39,211	13,889	25,322
Roof replacement & removal of roof top HVAC	05/30/19	5 years	1,000,000	61,749	2.62%		1,000,000		1,000,000
						<u>\$ 129,191</u>	<u>\$ 1,223,835</u>	<u>\$ 166,538</u>	<u>\$ 1,186,488</u>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Debt Service Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 385,407		\$ 385,407	\$ 385,407	
State sources:					
Debt service aid type II	328,084		328,084	328,084	
Total revenues	<u>713,491</u>		<u>713,491</u>	<u>713,491</u>	
EXPENDITURES:					
Regular debt service:					
Interest	175,400		175,400	175,400	
Redemption of principal	580,000		580,000	580,000	
Total expenditures	<u>755,400</u>		<u>755,400</u>	<u>755,400</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(41,909)</u>		<u>(41,909)</u>	<u>(41,909)</u>	
Fund balance - July 1	<u>41,576</u>		<u>41,576</u>	<u>41,576</u>	\$ 8,943
Fund balance - June 30	<u>\$ (333)</u>	<u>None</u>	<u>\$ (333)</u>	<u>\$ (333)</u>	<u>\$ 8,943</u>

**STATISTICAL SECTION  
(Unaudited)**



**BOROUGH OF PITMAN SCHOOL DISTRICT  
STATISTICAL SECTION**

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	115-121
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	122-125
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	126-129
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	130-131
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	132-136

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Net Position By Component  
 Last Ten Fiscal Years  
 Fiscal Year Ending June 30, 2019  
 Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Invested in capital assets, net of related debt	\$ 728,731	\$ 966,163	\$ 1,185,715	\$ 1,397,748	\$ 2,137,578	\$ 2,455,097	\$ 2,705,438	\$ 3,137,319	\$ 3,754,777	\$ 3,768,939
Restricted	1,570,508	2,247,509	2,527,992	2,557,021	2,244,406	2,440,263	1,912,414	1,670,905	1,467,283	1,540,256
Unrestricted	(1,374,651)	(1,007,082)	(948,770)	(907,488)	(916,702)	(7,227,828)	(7,397,530)	(94,403,558)	(9,231,961)	(9,239,296)
Total governmental activities net position	<u>\$ 924,588</u>	<u>\$ 2,206,590</u>	<u>\$ 2,764,937</u>	<u>\$ 3,047,281</u>	<u>\$ 3,465,282</u>	<u>\$ (2,332,468)</u>	<u>\$ (2,779,678)</u>	<u>\$ (89,595,334)</u>	<u>\$ (4,009,901)</u>	<u>\$ (3,930,101)</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 39,704	\$ 34,100	\$ 28,708	\$ 24,344	\$ 21,089	\$ 35,906	\$ 31,477	\$ 29,547	\$ 40,601	\$ 42,807
Unrestricted	147,132	258,557	280,336	290,890	288,210	267,509	325,946	345,080	351,451	330,042
Total business-type activities net position	<u>\$ 186,836</u>	<u>\$ 292,657</u>	<u>\$ 309,044</u>	<u>\$ 315,234</u>	<u>\$ 309,299</u>	<u>\$ 303,415</u>	<u>\$ 357,423</u>	<u>\$ 374,627</u>	<u>\$ 392,052</u>	<u>\$ 372,849</u>
District-wide:										
Invested in capital assets, net of related debt	\$ 768,435	\$ 1,000,263	\$ 1,214,423	\$ 1,422,092	\$ 2,158,667	\$ 2,491,003	\$ 2,736,915	\$ 3,166,866	\$ 3,795,378	\$ 3,811,746
Restricted	1,570,508	2,247,509	2,527,992	2,557,021	2,244,406	2,440,263	1,912,414	1,670,905	1,467,283	1,540,256
Unrestricted	(1,227,519)	(748,525)	(668,434)	(616,598)	(628,492)	(6,960,319)	(7,071,584)	(94,058,478)	(8,880,510)	(8,909,254)
	<u>\$ 1,111,424</u>	<u>\$ 2,499,247</u>	<u>\$ 3,073,981</u>	<u>\$ 3,362,515</u>	<u>\$ 3,774,581</u>	<u>\$ (2,029,053)</u>	<u>\$ (2,422,255)</u>	<u>\$ (89,220,707)</u>	<u>\$ (3,617,849)</u>	<u>\$ (3,557,252)</u>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Changes In Net Position  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2019  
Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>EXPENSES:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 7,171,531	\$ 6,731,858	\$ 6,661,467	\$ 6,986,990	\$ 7,117,731	\$ 7,304,641	\$ 7,668,672	\$ 7,431,757	\$ 7,461,427	\$ 7,664,583
Special education	2,980,476	2,780,416	3,088,349	3,137,435	3,088,673	3,252,223	3,331,472	3,297,304	3,210,417	3,199,857
Other special education	349,147	331,244	260,897	284,660	293,898	316,196	422,095	453,889	366,814	338,491
Other instruction	547,663	424,990	437,599	465,823	503,066	516,624	542,216	560,819	526,524	523,674
Support services:										
Student instruction and related services	3,622,535	3,516,151	3,567,603	3,788,798	3,714,135	3,375,730	3,571,093	3,602,913	3,838,421	4,160,948
General administration & central services	613,345	721,101	730,561	700,222	688,915	720,747	745,457	730,597	807,951	793,318
School administrative services	1,032,468	1,131,922	1,151,486	1,126,185	1,189,997	1,229,376	1,215,352	1,223,249	1,217,743	1,205,480
Plant operations and maintenance & grounds	1,710,533	1,581,643	1,699,936	1,839,748	1,829,674	1,986,009	1,965,852	2,090,673	1,871,951	1,840,107
Pupil transportation	424,838	464,048	501,909	537,632	529,031	498,680	360,491	393,572	579,614	684,708
Employee benefits	5,037,668	4,948,448	5,530,397	5,988,795	5,835,766	6,098,670	7,023,925	8,152,236	11,712,507	11,023,085
Interest on long-term debt	439,885	457,979	429,518	402,070	371,780	336,273	235,119	212,370	173,622	151,414
Capital outlay	105,000	27,238	37,858	108,776	110,921	140,456	256,609	152,660	35,903	186,837
Unallocated depreciation	480,815	530,301	543,989	544,252	559,310	570,309	568,753	502,443	510,677	520,816
<b>Total governmental activities expenses</b>	<b>24,515,904</b>	<b>23,647,339</b>	<b>24,641,569</b>	<b>25,911,386</b>	<b>25,832,897</b>	<b>26,345,934</b>	<b>27,907,106</b>	<b>28,804,482</b>	<b>32,313,571</b>	<b>32,293,318</b>
Business-type activities:										
Food service	480,534	439,623	454,484	462,856	465,673	460,104	454,741	456,671	401,622	418,849
Before/after school	227,745	193,727	191,764	189,132	185,643	188,460	210,492	179,465	204,702	196,731
Preschool	120,864	56,963	84,744	83,922	88,027	94,470	98,249	101,331	102,152	102,579
<b>Total business-type activities expense</b>	<b>829,143</b>	<b>690,313</b>	<b>730,992</b>	<b>735,910</b>	<b>739,343</b>	<b>743,034</b>	<b>763,482</b>	<b>737,467</b>	<b>708,476</b>	<b>718,159</b>
<b>Total District expenses</b>	<b>\$ 25,345,047</b>	<b>\$ 24,337,652</b>	<b>\$ 25,372,561</b>	<b>\$ 26,647,296</b>	<b>\$ 26,572,240</b>	<b>\$ 27,088,968</b>	<b>\$ 28,670,588</b>	<b>\$ 29,541,949</b>	<b>\$ 33,022,047</b>	<b>\$ 33,011,477</b>
<b>PROGRAM REVENUES:</b>										
Governmental activities:										
Charges for services:										
Central services										
Operating grants and contributions	\$ 783,936	\$ 641,830	\$ 628,474	\$ 601,256	\$ 604,209	\$ 607,981	\$ 623,109	\$ 598,661	\$ 599,358	\$ 575,643
<b>Total governmental activities program revenues</b>	<b>783,936</b>	<b>641,830</b>	<b>628,474</b>	<b>601,256</b>	<b>604,209</b>	<b>607,981</b>	<b>623,109</b>	<b>598,661</b>	<b>599,358</b>	<b>575,643</b>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Changes In Net Position  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2019  
Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Food service	272,368	272,373	242,826	219,129	201,449	183,346	177,004	205,098	194,184	207,576
Before/after school	263,870	241,369	224,216	211,330	221,581	228,383	265,614	229,717	198,926	189,171
Preschool	126,639	125,843	62,435	85,576	81,503	86,469	86,045	65,490	82,745	66,005
Operating grants and contributions	131,132	126,549	137,902	151,065	158,875	154,456	147,827	151,700	159,111	156,204
Inventory loss						(5,504)				
Total business-type activities program revenues	794,009	766,134	667,379	667,100	663,408	652,654	676,490	652,005	634,966	618,956
Total District program revenue	\$ 1,577,945	\$ 1,407,964	\$ 1,295,853	\$ 1,268,356	\$ 1,267,617	\$ 1,260,635	\$ 1,299,599	\$ 1,250,666	\$ 1,234,324	\$ 1,194,599
Net (expense) revenue:										
Governmental activities	\$ (23,731,968)	\$ (23,005,509)	\$ (24,013,095)	\$ (25,310,130)	\$ (25,228,688)	\$ (25,737,953)	\$ (27,283,997)	\$ (28,205,821)	\$ (31,714,213)	\$ (31,717,675)
Business-type activities	(35,134)	75,821	(63,613)	(68,810)	(75,935)	(90,380)	(86,992)	(85,462)	(73,510)	(99,203)
Total District-wide net expense	\$ (23,767,102)	\$ (22,929,688)	\$ (24,076,708)	\$ (25,378,940)	\$ (25,304,623)	\$ (25,828,333)	\$ (27,370,989)	\$ (28,291,283)	\$ (31,787,723)	\$ (31,816,878)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Property taxes levied for government purposes	\$ 10,893,332	\$ 11,403,562	\$ 11,453,127	\$ 12,032,190	\$ 12,326,130	\$ 12,572,652	\$ 12,824,105	\$ 13,080,587	\$ 13,530,733	\$ 13,883,866
Taxes levied for debt service	422,193	673,890	580,479	686,763	670,384	585,213	571,441	592,431	619,644	385,407
Grants and contributions	12,005,361	11,505,267	12,259,048	12,632,312	12,425,177	12,858,137	13,206,525	13,660,517	13,986,766	17,184,928
Tuition received	160,171	134,843	156,858	194,463	201,522	162,656	170,507	113,190	165,712	250,635
Investment earnings	11,391	1,850	37,407	32,885	15,723	16,627	13,351	10,430	12,077	9,977
Miscellaneous income	58,113	334,747	164,523	88,861	77,753	79,666	304,697	148,512	134,596	162,662
Other financing sources (uses)		298,031					(112,839)			
Transfers	(85,000)	(30,000)	(80,000)	(75,000)	(70,000)	(90,000)	(141,000)	(100,000)	(80,000)	(80,000)
Total governmental activities	23,465,561	24,322,190	24,571,442	25,592,474	25,646,689	26,184,951	26,836,787	27,505,667	28,369,528	31,797,475
Business-type activities:										
Other financing sources (uses)								2,666	10,935	
Transfers	85,000	30,000	80,000	75,000	70,000	90,000	141,000	100,000	80,000	80,000
Total business-type activities	85,000	30,000	80,000	75,000	70,000	90,000	141,000	102,666	90,935	80,000
Total District-wide	\$ 23,550,561	\$ 24,352,190	\$ 24,651,442	\$ 25,667,474	\$ 25,716,689	\$ 26,274,951	\$ 26,977,787	\$ 27,608,333	\$ 28,460,463	\$ 31,877,475
Change in net position:										
Governmental activities	\$ (266,407)	\$ 1,316,681	\$ 558,347	\$ 282,344	\$ 418,001	\$ 446,998	\$ (447,210)	\$ (700,154)	\$ (3,344,685)	\$ 79,800
Business-type activities	49,866	105,821	16,387	6,190	(5,935)	(380)	54,008	17,204	17,425	(19,203)
Total District	\$ (216,541)	\$ 1,422,502	\$ 574,734	\$ 288,534	\$ 412,066	\$ 446,618	\$ (393,202)	\$ (682,950)	\$ (3,327,260)	\$ 60,597

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Fund Balances - Governmental Funds  
 Last Ten Fiscal Years  
 For the Fiscal Year Ended June 30, 2019  
 Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Restricted		\$ 997,366	\$ 1,532,551	\$ 1,308,556	\$ 1,594,158	\$ 1,851,200	\$ 1,412,408	\$ 1,136,393	\$ 887,387	\$ 1,120,858
Assigned		360,846	138,680	409,560	338,803	456,249	449,240	492,603	538,320	419,731
Unassigned		(307,465)	(361,628)	(361,554)	(412,351)	(449,978)	(481,209)	(470,367)	(429,208)	(416,362)
Reserved	\$ 961,595									
Unreserved	(561,782)									
Total general fund	<u>\$ 399,813</u>	<u>\$ 1,050,747</u>	<u>\$ 1,309,603</u>	<u>\$ 1,356,562</u>	<u>\$ 1,520,610</u>	<u>\$ 1,857,471</u>	<u>\$ 1,380,439</u>	<u>\$ 1,158,629</u>	<u>\$ 996,499</u>	<u>\$ 1,124,227</u>
All other governmental funds										
Restricted										
Capital projects fund		\$ 649,014	\$ 649,014	\$ 626,436	\$ 103,340					
Debt service fund		301,129	207,747	212,469	208,105	\$ 132,814	\$ 50,766	\$ 41,909	\$ 41,576	\$ (333)
Unreserved, reported in:										
Capital projects fund	\$ 650,832									
Debt service fund	8,943									
Total all other governmental funds	<u>\$ 659,775</u>	<u>\$ 950,143</u>	<u>\$ 856,761</u>	<u>\$ 838,905</u>	<u>\$ 311,445</u>	<u>\$ 132,814</u>	<u>\$ 50,766</u>	<u>\$ 41,909</u>	<u>\$ 41,576</u>	<u>\$ (333)</u>

BOROUGH OF PITMAN SCHOOL DISTRICT  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>REVENUES:</b>										
Tax levy	\$ 11,315,525	\$ 12,077,452	\$ 12,033,606	\$ 12,718,953	\$ 12,996,514	\$ 13,157,865	\$ 13,395,546	\$ 13,673,018	\$ 14,150,377	\$ 14,269,273
Tuition charges	160,171	134,843	156,858	194,463	201,522	162,656	170,507	113,190	165,712	250,635
Interest earnings	11,391	1,850	37,407	32,885	15,723	16,627	13,351	10,430	12,077	9,977
Miscellaneous	58,113	334,747	164,523	88,861	77,753	79,666	304,697	148,512	134,596	162,662
State sources	10,499,202	11,440,935	11,884,726	12,587,011	12,383,938	12,794,979	13,195,666	13,614,791	13,967,244	14,443,676
Federal sources	2,290,095	671,483	1,002,796	646,557	645,448	671,139	633,968	644,387	618,880	613,873
<b>Total revenue</b>	<b>24,334,497</b>	<b>24,661,310</b>	<b>25,279,916</b>	<b>26,268,730</b>	<b>26,320,898</b>	<b>26,882,932</b>	<b>27,713,735</b>	<b>28,204,328</b>	<b>29,048,886</b>	<b>29,750,096</b>
<b>EXPENDITURES:</b>										
Instruction:										
Regular	6,954,855	6,698,176	6,668,995	6,982,719	7,253,214	7,453,380	7,804,277	7,593,815	7,593,400	7,807,983
Special	2,978,305	2,763,311	3,084,910	3,137,428	3,086,230	3,239,169	3,324,125	3,300,078	3,222,644	3,228,314
Other special	356,549	323,054	268,682	286,708	293,853	323,935	421,870	460,527	372,529	340,246
Other	543,964	421,936	434,558	462,617	500,235	514,143	540,210	559,001	524,893	527,023
Support Services:										
Student & inst. related services	3,563,654	3,510,859	3,561,162	3,757,901	3,687,229	3,355,580	3,576,867	3,573,797	3,799,394	4,130,590
General administration	415,723	433,527	409,306	411,247	404,270	426,695	443,477	416,505	467,239	508,079
School administrative services	1,134,481	1,118,052	1,132,625	1,159,533	1,213,756	1,213,762	1,221,998	1,218,172	1,241,292	1,192,570
Central services	295,152	285,873	301,283	295,154	279,451	286,132	307,099	311,524	345,347	308,750
Plant operations and maintenance	1,672,971	1,504,066	1,703,157	1,833,604	1,825,043	1,976,080	1,961,619	2,063,275	1,837,030	1,827,892
Grounds	72,793	76,740								
Pupil transportation	424,838	464,048	501,909	537,632	529,031	498,680	360,491	393,572	579,614	684,708
Employee benefits	5,061,205	5,139,937	5,693,846	5,991,723	5,838,721	6,074,853	6,830,747	7,231,358	7,878,846	8,260,237
Capital outlay	1,713,836	171,671	222,772	241,868	658,602	285,344	368,456	307,132	360,774	1,236,320
Debt service:										
Principal	580,000	695,000	730,000	770,000	780,000	790,000	815,000	900,000	830,000	580,000
Interest and other charges	403,742	462,754	426,237	399,172	370,607	335,192	299,062	155,650	198,861	175,400
<b>Total expenditures</b>	<b>26,172,068</b>	<b>24,069,004</b>	<b>25,139,442</b>	<b>26,267,306</b>	<b>26,720,242</b>	<b>26,772,945</b>	<b>28,275,298</b>	<b>28,484,406</b>	<b>29,251,863</b>	<b>30,808,112</b>
Excess (deficiency) of revenues over (under) expenditures	(1,837,571)	592,306	140,474	1,424	(399,344)	109,987	(561,563)	(280,078)	(202,977)	(1,058,016)

BOROUGH OF PITMAN SCHOOL DISTRICT  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OTHER FINANCING SOURCES (USES):										
Proceeds from bonds	2,095,000									
Capital leases (non-budgeted)	105,000	42,270	105,000	102,679	105,932	138,243	143,482	149,412	120,514	1,223,835
Other financing sources		298,031								
Transfers out (food service)	(85,000)	(80,000)	(80,000)	(75,000)	(70,000)	(90,000)	(141,000)	(100,000)	(80,000)	(80,000)
Transfers in		88,695								
Total other financing sources (uses)	2,115,000	348,996	25,000	27,679	35,932	48,243	2,482	49,412	40,514	1,143,835
Net change in fund balance	\$ 277,429	\$ 941,302	\$ 165,474	\$ 29,103	\$ (363,412)	\$ 158,230	\$ (559,081)	\$ (230,666)	\$ (162,463)	\$ 85,819
Debt service as a percentage of noncapital expenditures	4.02%	4.84%	4.64%	4.49%	4.41%	4.25%	3.99%	3.75%	3.56%	2.55%
Source District records										

BOROUGH OF PITMAN SCHOOL DISTRICT  
 General Fund Other Local Revenue by Source  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Prior Year Refunds	Gate Receipts	Rentals	SREC'S	Miscellaneous	Annual Totals
2010	\$ 9,018	\$ 15,293	\$ 25,225		\$ 8,577	\$ 58,113
2011	118,236	16,056	14,389	\$ 186,066		334,747
2012	62,261	16,038	14,035	70,491	1,698	164,523
2013	21,848	21,251	14,059	30,492	1,211	88,861
2014		17,279	12,915	43,914	3,645	77,753
2015	1,670	12,031	12,463	51,660	1,842	79,666
2016	3,719	13,281	8,500	218,476	60,721	304,697
2017	1,334	11,405		73,827	61,946	148,512
2018	8,756	4,007	2,500	62,812	56,521	134,596
2019	4,440	7,164	4,301	92,032	54,725	162,662
	<u>\$ 231,282</u>	<u>\$ 133,805</u>	<u>\$ 108,387</u>	<u>\$ 829,770</u>	<u>\$ 250,886</u>	<u>\$ 1,554,130</u>

Source: District records



BOROUGH OF PITMAN 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.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2010	1,951,000	327,629,400	189,700	13,000	22,944,400	22,074,500	8,165,500	382,967,500	362,196	383,329,696	763,260,720	2.893
2011	1,867,500	328,242,800	189,700	13,000	22,736,700	22,074,500	8,165,500	383,289,700	366,154	383,655,854	749,180,506	3.049
2012	1,493,600	328,606,700	189,700	32,200	22,167,000	15,074,500	8,007,000	375,570,700	308,395	375,879,095	730,802,858	3.208
2013	1,578,200	328,466,700	189,700	32,200	22,520,000	15,074,500	8,007,000	375,868,300	392,100	376,260,400	717,252,099	3.289
2014	2,694,200	503,186,700	225,800	13,800	44,362,500	18,289,200	17,451,600	586,223,800	743,943	586,967,743	673,172,118	2.191
2015	2,158,200	502,983,700	225,800	14,100	41,687,600	15,289,200	15,790,300	578,148,900	585,442	578,734,342	624,599,842	2.259
2016	1,973,300	503,624,700	225,800	14,300	40,188,500	10,678,800	15,790,300	572,495,700	603,264	573,098,964	600,466,502	2.316
2017	1,942,900	503,301,600	225,800	14,300	38,804,000	8,678,800	15,790,300	568,757,700	562,862	569,320,562	604,981,815	2.378
2018	1,942,900	503,579,700	225,800	14,300	38,591,300	8,678,800	15,790,300	568,823,100	563,436	569,386,536	603,110,372	2.443
2019	2,122,800	504,094,800	225,800	11,400	38,535,500	8,678,800	15,790,300	569,459,400	566,544	570,025,944	598,200,471	2.493

Source: County Tax Assessor

(\*\*) - Tax exempt property is not included in calculation.

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Direct and Overlapping Property Tax Rates  
 Per \$100 of Assessed Valuation  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Borough of Pitman School District Direct Rate			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Borough of Pitman	Gloucester County	
2010	2.785	0.108	2.893	1.240	1.095	5.228
2011	2.879	0.170	3.049	1.274	1.075	5.398
2012	3.053	0.155	3.208	1.325	1.041	5.574
2013	3.111	0.178	3.289	1.391	1.050	5.730
2014	2.078	0.113	2.191	0.914	0.693	3.798
2015	2.159	0.100	2.259	0.962	0.664	3.885
2016	2.217	0.099	2.316	1.005	0.687	4.008
2017	2.275	0.103	2.378	1.026	0.715	4.119
2018	2.336	0.107	2.443	1.044	0.713	4.200
2019	2.426	0.067	2.493	1.043	0.717	4.253

Source: Abstract of Ratables County of Gloucester

BOROUGH OF PITMAN SCHOOL DISTRICT  
Principal Property Taxpayers  
Current and Nine Years Ago  
Unaudited

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
Sony Music			14,384,000	3.75%
AP Holly Court LLC	10,424,600	1.83%		
Lake Front LLC		0.00%	2,372,400	0.62%
400 N. Woodbury Road LLC	3,000,000	0.53%		
Flaum Properties Co.	2,800,000	0.49%	1,700,200	0.44%
Comet Tool Company Inc.	2,047,000	0.36%	1,303,100	0.34%
Bri Scot LP	1,927,000	0.34%		
LCR Leasing Corp.	1,648,100	0.29%	876,000	0.23%
Taxpayer #1	1,644,800	0.29%	2,771,400	
Lake Front LLC			1,509,300	0.39%
Taxpayer #2	1,318,500	0.23%		
Taxpayer #3	1,188,000	0.21%		
Pitman Garden Apartments Inc.	1,100,000	0.19%	650,100	0.17%
Lake Front LLC			825,300	0.22%
	<u>27,098,000</u>	<u>4.75%</u>	<u>26,391,800</u>	<u>6.88%</u>

Source: Municipal Tax Assessor

BOROUGH OF PITMAN SCHOOL DISTRICT  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year		Collections in Subsequent Year
		Amount	Percent of Levy	
2010	\$ 11,315,525	\$ 11,315,525	100.00%	
2011	12,077,452	12,077,452	100.00%	
2012	12,033,606	12,033,606	100.00%	
2013	12,718,953	12,718,953	100.00%	
2014	12,996,514	12,996,514	100.00%	
2015	13,157,865	13,157,865	100.00%	
2016	13,395,546	13,395,546	100.00%	
2017	13,673,018	13,673,018	100.00%	
2018	14,150,377	14,150,377	100.00%	
2019	14,269,273	14,269,273	100.00%	

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

BOROUGH OF PITMAN SCHOOL DISTRICT  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-type Activates	Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases			
2010	\$ 11,419,000		\$ 142,658			\$ 11,561,658	3.08%	1,271
2011	10,724,000		77,454			10,801,454	2.84%	1,199
2012	9,994,000		98,621			10,092,621	2.58%	1,121
2013	9,224,000		117,214			9,341,214	2.33%	1,037
2014	8,444,000		103,977			8,547,977	2.10%	952
2015	7,654,000		126,382			7,780,382	1.85%	867
2016	6,820,000		140,532			6,960,532	1.59%	775
2017	5,920,000		146,457			6,066,457	1.36%	674
2018	5,090,000		129,191			5,219,191	1.13%	580
2019	4,510,000		1,186,488	\$ 886,802		6,583,290	*	*

Source: District records

(\*) - Not available

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Ratios of 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 of Property	Per capita
	General Obligation Bonds	Deductions			
2010	\$ 11,419,000		\$ 11,419,000	2.98%	1,267
2011	10,724,000		10,724,000	2.80%	1,194
2012	9,994,000		9,994,000	2.66%	1,117
2013	9,224,000		9,224,000	2.45%	1,035
2014	8,444,000		8,444,000	1.44%	949
2015	7,654,000		7,654,000	1.32%	863
2016	6,820,000		6,820,000	1.19%	773
2017	5,920,000		5,920,000	1.04%	672
2018	5,090,000		5,090,000	0.89%	580
2019	4,510,000		4,510,000	0.79%	*

Source: District records

(\*) - Not available

BOROUGH OF PITMAN SCHOOL DISTRICT  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2019  
Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Borough of Pitman (1)	\$ 14,865,536	100.00%	\$ 14,865,536
County of Gloucester (2)	239,123,500	2.24%	5,364,938
Subtotal, overlapping debt			20,230,474
Borough of Pitman School District			4,510,000
Total direct and overlapping debt			<u>\$ 24,740,474</u>

## Sources:

- (1) Borough of Pitman annual debt statement
- (2) Gloucester County - The County's debt was apportioned to the Borough of Pitman by dividing the Borough's taxable assessed property values by the total taxable assessed property values for Gloucester County.

\* The source for this computation was the Abstract of Ratables.

## 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 business of Pitman. 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 the 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.

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 Unaudited

	Year	Equalized Valuation Basis								
	2018	\$ 604,393,335								
	2017	593,947,061								
	2016	599,386,342								
		<u>\$ 1,797,726,738</u>								
Average equalized valuation of taxable property		\$ 599,242,246								
Debt limit (4% of average equalized value)		23,969,690								
Total net debt applicable to limit		4,510,000								
Legal debt margin		<u>\$ 19,459,690</u>								
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 29,735,955	\$ 29,890,262	\$ 29,291,062	\$ 28,280,767	\$ 26,787,126	\$ 25,324,584	\$ 24,489,718	\$ 24,094,029	\$ 23,980,967	\$ 23,969,690
Municipal borrowing capacity utilized										
Total net debt applicable to limit	<u>11,419,000</u>	<u>10,724,000</u>	<u>9,994,000</u>	<u>9,224,000</u>	<u>8,444,000</u>	<u>7,654,000</u>	<u>6,820,000</u>	<u>5,920,000</u>	<u>5,090,000</u>	<u>4,510,000</u>
Legal debt margin	<u>\$ 18,316,955</u>	<u>\$ 19,166,262</u>	<u>\$ 19,297,062</u>	<u>\$ 19,056,767</u>	<u>\$ 18,343,126</u>	<u>\$ 17,670,584</u>	<u>\$ 17,669,718</u>	<u>\$ 18,174,029</u>	<u>\$ 18,890,967</u>	<u>\$ 19,459,690</u>
Total net debt applicable to the limit as a percentage of debt limit	38.40%	35.88%	34.12%	32.62%	31.52%	30.22%	27.85%	24.57%	21.23%	18.82%

Source: Gloucester County Board of Taxation and District records.



BOROUGH OF PITMAN SCHOOL DISTRICT  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2010	9,014	\$ 375,252,820	\$ 41,630	11.70%
2011	8,985	379,957,680	42,288	11.40%
2012	8,944	391,460,992	43,768	11.70%
2013	8,914	400,194,030	44,895	6.80%
2014	8,896	407,668,096	45,826	6.20%
2015	8,873	419,737,265	47,305	5.40%
2016	8,826	438,087,336	49,636	4.50%
2017	8,805	445,436,145	50,589	4.00%
2018	8,780	461,002,680	52,506	3.80%
2019	8,780 A	461,002,680	52,506 A	*

Source: Population and unemployment data provided by the NJ Department of Labor and Workforce Development.

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

Per capita personal income by municipality estimated based upon the Census published by the U.S. Bureau of Economic Analysis.

(\*) - Not available

A = Estimate

BOROUGH OF PITMAN SCHOOL DISTRICT  
Principal Employers  
Current and Nine Years Ago  
Unaudited

Employer	2019			2010	
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Amazon	4,500	1	3.06%		
Rowan University	3,500	2	2.38%	1300	0.82%
Inspira Health	2,051	3	1.39%		
Jefferson Health	2,015	4	1.37%		
Underwood Memorial Hospital				1825	1.15%
Washington Township School District	1,550	5	1.05%	1504	0.95%
Shoprite	1,300	6	0.88%		
Kennedy Health Alliance			0.00%	1200	0.76%
County of Gloucester	1,200	7	0.07%	1500	0.95%
US Foodservices	1,014	8	0.69%	800	0.51%
Missa Bay, LLC			0.00%	950	0.60%
Monroe Township School District	811	9	0.55%	714	0.45%
Walmart - Turnersville	800	10	0.54%		
Exxon Mobil Research & Engineering				640	0.40%
Godwin Pumps				640	0.40%
	<u>18,741</u>		<u>11.99%</u>	<u>11,073</u>	<u>6.99%</u>

Source: Gloucester County Economic Development Office and Employer Directly.

Note: The information is for the County of Gloucester, information at the municipal level is not readily available.  
N/A - Information is not available

BOROUGH OF PITMAN SCHOOL DISTRICT  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years  
 Unaudited

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction:										
Regular	106.00	100.20	101.00	103.30	104.72	101.80	101.80	102.30	103.10	102.30
Special education	52.50	59.20	66.40	71.00	71.09	70.60	70.96	69.30	63.25	66.08
Support services:										
Student & instruction related services	31.90	34.00	34.60	34.30	31.13	33.80	33.38	28.50	30.70	32.92
School administrative services	17.00	14.50	14.70	16.60	17.35	18.40	19.14	20.60	19.90	19.60
Central services	8.50	5.70	5.70	3.70	3.70	3.70	4.00	4.00	4.00	4.00
Plants operations & maintenance	24.00	19.30	19.10	19.80	19.90	19.90	20.81	19.20	20.40	19.20
Other support services	3.00						1.26	3.00	3.00	3.00
Food service	7.00	7.00	7.00	7.00	7.00	7.00	10.11	5.90	5.90	6.10
Total	<u>249.90</u>	<u>239.90</u>	<u>248.50</u>	<u>255.70</u>	<u>254.89</u>	<u>255.20</u>	<u>261.46</u>	<u>252.80</u>	<u>250.25</u>	<u>253.20</u>

Source: District Personnel Records

BOROUGH OF PITMAN SCHOOL DISTRICT  
Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2010	1,559	\$ 23,474,490	\$ 15,057	49.10%	164.0	10.47	10.00	9.60	1,515.9	1,434.4	-0.59%	94.62%
2011	1,567	22,739,579	14,512	-3.63%	158.5	11.30	10.50	9.70	1,543.2	1,456.3	1.80%	94.37%
2012	1,565	23,760,433	15,182	4.62%	167.4	*	*	*	1,525.0	1,450.7	-1.18%	95.13%
2013	1,513	24,856,266	16,428	8.21%	174.3	10.28	11.40	11.29	1,505.1	1,439.2	-1.30%	95.62%
2014	1,505	24,911,033	16,552	0.75%	164.9	9.12	9.17	9.63	1,447.4	1,391.3	-3.84%	96.13%
2015	1,461	25,362,409	17,360	4.88%	161.1	9.04	8.35	9.52	1,405.8	1,349.8	-2.87%	96.02%
2016	1,418	26,792,780	18,895	8.84%	162.3	8.45	8.98	9.00	1,359.5	1,305.4	-3.29%	96.02%
2017	1,351	27,121,624	20,075	6.25%	163.3	8.38	7.68	8.60	1,345.4	1,280.1	-1.04%	95.15%
2018	1,327	27,862,228	20,996	4.59%	162.1	7.95	7.43	8.52	1,299.2	1,237.2	-3.43%	95.23%
2019	1,292	28,816,392	22,304	6.23%	168.4	6.57	8.27	8.85	1,264.8	1,206.3	-2.65%	95.38%

Source: District records

Note: Enrollment based on annual October District count.

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

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

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

(\*) - Information not available

BOROUGH OF PITMAN SCHOOL DISTRICT  
 School Building Information  
 Last Ten Fiscal Years  
 Unaudited

District Building	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Elementary</u>										
Memorial School - 1962										
Square feet	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717
Capacity (students)	309	309	309	309	309	309	309	309	309	309
Enrollment	289	267	254	251	230	221	208	200	182	187
Kindle School - 1926										
Square feet	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977
Capacity (students)	217	217	217	217	217	217	217	217	217	217
Enrollment	224	230	207	205	211	205	195	187	174	166
W.C.K. Walls School - 1926										
Square feet	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902
Capacity (students)	274	274	274	274	274	274	274	274	274	274
Enrollment	246	248	243	247	238	236	228	248	246	229
<u>Middle School</u>										
Pitman Middle School - 1922										
Square feet	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684
Capacity (students)	381	381	381	381	381	381	381	381	381	381
Enrollment	362	379	383	349	359	350	343	307	302	306
<u>High School</u>										
Pitman High School - 1971										
Square feet	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415
Capacity (students)	556	556	556	556	556	556	556	556	556	556
Enrollment	443	435	443	456	436	436	433	401	401	379

Number of Schools at June 30, 2019

- Elementary = 3
- Middle School = 1
- Senior High School = 1

Source: District Facilities Office. Enrollment is based on June student counts.

BOROUGH OF PITMAN SCHOOL DISTRICT  
 General Fund  
 Schedule of Required Maintenance Expenditures by School Facility  
 For the Fiscal Year Ended June 30, 2019

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

\* School Facilities

Project # (s)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Memorial	\$ 23,453	\$ 3,412	\$ 38,898	\$ 6,369	\$ 16,493	\$ 38,508	\$ 59,750	\$ 21,228	\$ 35,466	\$ 39,261	\$ 282,838
Kindle	5,795	6,041	59,916	13,930	19,909	54,747	145,441	371,286	25,344	29,271	731,680
Walls	5,465	8,668	78,238	19,948	11,813	16,393	21,229	16,061	58,481	45,330	281,626
Middle	9,947	18,300	88,492	36,477	70,458	38,563	69,653	35,261	28,193	29,443	424,787
High School	28,999	60,027	56,838	260,167	131,443	295,446	142,350	52,601	123,768	44,472	1,196,111
Total School Facilities	\$ 73,659	\$ 96,448	\$ 322,382	\$ 336,891	\$ 250,116	\$ 443,657	\$ 438,423	\$ 496,437	\$ 271,252	\$ 187,777	\$ 2,917,042

\* School facilities as defined under EFCFA.  
 (NJAC 6A:26-1.2 and NJAC 6A:26-1.3)

Source: District records

BOROUGH OF PITMAN SCHOOL DISTRICT  
Insurance Schedule  
June 30, 2019  
Unaudited

Atlantic & Cape May Counties Association of School Business Officials

I. Property, Inland Marine and Automobile Physical Damages	
A. Limit of Liability:	\$175,000,000 Per Occurrence
1. GCSSDJIF Self Insured Retention	250,000 Per Occurrence
2. Member District Deductible	500 Per Occurrence
3. Perils Included	"All Risk"
B. Property Valuation	
1. Buildings and Contents	Replacement Cost
2. Contractors Equipment	Actual Cash Value
3. Automobiles	Replacement Cost
II. Boiler and Machinery	
A. Limit of Liability:	125,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	1,000
III. Crime	
A. Limits of Liability	500,000
1. GCSSDJIF Self-Insured Retention:	250,000
2. Member District Deductible:	500
IV. General and Automobile Liability	
A. Limit of Liability:	20,000,000
1. GCSSDJIF Self Insured Retention (SIR):	250,000
2. Member District Deductible:	None
V. Workmen's Compensation	
A. Limits of Liability:	Statutory
1. GCSSDJIF Self Insured Retention:	250,000
2. Member District Deductible	None
VI. Educator's Legal Liability	
A. Limits of Liability:	20,000,000
1. GCSSDJIF Self Insured Retention:	175,000
2. Member District Deductible:	None
VII. Pollution Legal Liability (Refer to attached Certificate of Coverage for Covered Districts)	
A. Limits of Liability:	3,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000
3. Member District Deductible - Mold Incident	100,000
VIII. Cyber Liability	
A. Limits of Liability:	1,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000
IX. Violent Malicious Acts	
A. Limits of Liability:	1,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	15,000
X. Disaster Management Services	
A. Limits of Liability:	2,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	15,000
Surety Bond - Massachusetts Bay Insurance Company	
Board Secretary/Business Administrator - Kelly Brazelton	250,000

Source: District Records

**SINGLE AUDIT SECTION**



# PETRONI & ASSOCIATES LLC

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EXHIBIT K-1

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

### Independent Auditor's Report

Honorable President and  
Members of the Board of Education  
Borough of Pitman School District  
420 Hudson Avenue  
Pitman, New Jersey 08071

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Borough of Pitman School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Borough of Pitman School District's basic financial statements, and have issued our report thereon dated November 12, 2019.

#### ***Internal Control Over Financial Reporting***

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

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

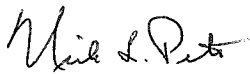
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies 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 Borough of Pitman School District'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.

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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542  
Glassboro, New Jersey

November 12, 2019

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EXHIBIT K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL  
ASSISTANCE REQUIRED BY *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST  
PRINCIPLES, AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE),  
AND NEW JERSEY OMB'S CIRCULAR 15-08***

## Independent Auditor's Report

The Honorable President and  
Members of the Board of Education  
Borough of Pitman School District  
420 Hudson Avenue  
Pitman, New Jersey 08071

### ***Report on Compliance for Each Major Federal and State Program***

We have audited the Borough of Pitman School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Pitman School District's major Federal and State programs for the year ended June 30, 2019. The Borough of Pitman School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal and State programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Borough of Pitman School District's major Federal and State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance), *New Jersey State Aid/Grant Compliance Supplement*, *Audits of States, Local Governments, and Non-Profit Organizations*, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of

Federal Grants, State Grants and State Aid. Those standards, Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal and State program occurred. An audit includes examining, on a test basis, evidence about the Borough of Pitman School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal and State Programs***

In our opinion, the Borough of Pitman School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major Federal and State programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

### ***Report on Internal Control Over Compliance***

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

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

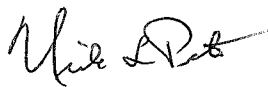
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

***Report on Schedules of Expenditures of Federal Awards Required by Uniform Guidance and Expenditures of State Financial Assistance Required by NJ OMB's Circular 15-08***

We have audited the financial statements Borough of Pitman School District as of and for the year ended June 30, 2019, and have issued our report thereon dated November 12, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by Uniform Guidance and NJ OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of Management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542  
Glassboro, New Jersey

November 12, 2019

BOROUGH OF PITMAN SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2018	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2019			MEMO Cumulative Total Expenditures
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education:																
General Fund:																
Medicaid Cluster																
Medical Assistance Program (SEMI)	93.778	1905NJ5MAP	N/A	\$ 38,230	07/1/18	06/30/19			\$ 37,372	\$ (38,230)			\$ (858)			\$ 38,230
Total General Fund/Medicaid Cluster									37,372	(38,230)			(858)			38,230
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I - Part A																
Title I - Part A	84.010	S010A180030	ESEA414019	158,828	07/1/18	06/30/19			158,480	(158,827)			(347)			158,827
Title I -SIA	84.010A	S010A180030	ESEA414019	10,600	07/1/18	06/30/19			10,600	(10,600)						10,600
Title I -SIA	84.010A	S010A170030	ESEA414018	28,941	07/1/17	06/30/18	\$ (28,941)		28,941							28,941
Subtotal							(28,941)		198,021	(169,427)			(347)			198,368
Special Education Cluster																
IDEA Part B, Basic Regular																
IDEA Part B, Basic Regular	84.027A	H027A180100	IDEA414019	354,763	07/1/18	06/30/19			354,763	(354,763)						354,763
IDEA Part B, Preschool																
IDEA Part B, Preschool	84.173	H173A170114	IDEA414019	14,409	07/1/18	06/30/19			14,409	(14,409)						14,409
Total Special Education Cluster									369,172	(369,172)						369,172
Title II A, Teacher & Principal Training																
Title II A, Teacher & Principal Training	84.367	S367A180029	ESEA414019	36,895	07/1/18	06/30/19			36,895	(36,895)						36,895
Title III																
Title III	84.365	S365A180030	ESEA414019	149	07/1/18	06/30/19			149	(149)						149
Title III	84.365	S365A170030	ESEA414018	920	07/1/17	06/30/18	(464)		464							920
Subtotal							(464)		613	(149)						1,069
Total Special Revenue Fund							(29,405)		604,701	(575,643)			(347)			605,504
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Child Nutrition Cluster																
Food Distribution Program																
Food Distribution Program	10.555	191NJ304N1099	N/A	21,861	07/1/18	06/30/19			21,861	(16,980)			\$ 4,881			16,980
Food Distribution Program																
Food Distribution Program	10.555	181NJ304N1099	N/A	20,517	07/1/17	06/30/18	3,639			(3,639)						20,517
School Breakfast Program																
School Breakfast Program	10.553	191NJ304N1099	N/A	20,111	07/1/18	06/30/19			19,000	(20,111)			(1,111)			20,111
School Breakfast Program																
School Breakfast Program	10.553	181NJ304N1099	N/A	19,984	07/1/17	06/30/18	(1,315)		1,315							19,984
National School Lunch Program																
National School Lunch Program	10.555	191NJ304N1099	N/A	110,348	07/1/18	06/30/19			104,971	(110,348)			(5,377)			110,348
National School Lunch Program																
National School Lunch Program	10.555	181NJ304N1099	N/A	110,133	07/1/17	06/30/18	(7,224)		7,224							110,133
Special Milk Program																
Special Milk Program	10.556	191NJ304N1099	N/A	162	07/1/18	06/30/19			153	(162)			(9)			162
Special Milk Program																
Special Milk Program	10.556	181NJ304N1099	N/A	144	07/1/17	06/30/18	(10)		10							144
Total Enterprise Fund/Child Nutrition Cluster							(4,910)		154,534	(151,240)			(6,497)	4,881		298,379
Total Federal Financial Awards							\$ (34,315)		\$ 796,607	\$ (765,113)			\$ (7,702)	\$ 4,881		\$ 942,113

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

BOROUGH OF PITMAN SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2018			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Expenditures	Balance at June 30, 2019			MEMO	
					Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Transportation Aid	19-495-034-5120-014	\$ 148,522	07/1/18 - 06/30/19					\$ 148,522	\$ (148,522)					\$ 13,868	\$ 148,522
State Aid Public															
Equalization Aid	19-495-034-5120-078	7,117,182	07/1/18 - 06/30/19					7,117,182	(7,117,182)					664,538	7,117,182
Special Education Categorical Aid	19-495-034-5120-089	925,239	07/1/18 - 06/30/19					925,239	(925,239)					86,390	925,239
Security Aid	19-495-034-5120-084	142,285	07/1/18 - 06/30/19					142,285	(142,285)					13,285	142,285
Adjustment Aid	19-495-034-5120-085	1,252,687	07/1/18 - 06/30/19					1,252,687	(1,252,687)					116,964	1,252,687
Extraordinary Aid	19-100-034-5120-044	201,383	07/1/18 - 06/30/19						(201,383)			\$ (201,383)			201,383
Extraordinary Aid	18-100-034-5120-044	108,825	07/1/17 - 06/30/18		\$ (108,825)			108,825							108,825
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	886,757	07/1/18 - 06/30/19					886,757	(886,757)						886,757
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	894,690	07/1/17 - 06/30/18		(42,091)			42,091							894,690
On-Behalf TPAF Pension	19-495-034-5094-002	2,359,847	07/1/18 - 06/30/19					2,359,847	(2,359,847)						2,359,847
On-Behalf TPAF Long-term Disability Insurance	19-495-034-5094-004	2,039	07/1/18 - 06/30/19					2,039	(2,039)						2,039
On-Behalf TPAF Post-retirement Medical	19-495-034-5094-001	1,070,423	07/1/18 - 06/30/19					1,070,423	(1,070,423)						1,070,423
Total General Fund					(150,916)			14,055,897	(14,106,364)			(201,383)		895,045	15,109,879
Debt Service Fund:															
Debt Service Aid Type II	19-495-034-5120-017	328,084	07/1/18 - 06/30/19					328,084	(328,084)						328,084
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	19-100-010-3350-023	3,722	07/1/18 - 06/30/19					3,542	(3,722)			(180)			3,722
National School Lunch Program (State Share)	18-100-010-3350-023	3,665	07/1/17 - 06/30/18		(234)			234							3,665
Total Enterprise Fund					(234)			3,776	(3,722)			(180)			7,387
Total State Financial Assistance					\$ (151,150)			\$ 14,387,757	\$ (14,438,170)			\$ (201,563)		\$ 895,045	\$ 15,445,350
Less: On-Behalf TPAF Pension System Contributions									\$ (3,432,309)						
Total for State Financial Assistance - Major Program Determinations									\$ (11,005,861)						

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF  
AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2019

**NOTE 1: GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include Federal and State activity of the Board of Education, Borough of Pitman 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, is included on the Schedule 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 for programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 - *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 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.

**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 NJSA 18A:22-44-.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of 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 June state aid payments in the current budget year, consistent with NJSA 18A:22-4-.2.



BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF  
AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2019

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$9,228 for the General Fund and \$0 for the Special Revenue Fund. See Note A (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 38,230	\$ 14,115,592	\$ 14,153,822
Special Revenue Fund	575,643		575,643
Debt Service Fund		328,084	328,084
Food Service Fund	152,482	3,722	156,204
Total Financial Assistance	<u>\$ 766,355</u>	<u>\$ 14,447,398</u>	<u>\$ 15,213,753</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: FOOD DISTRIBUTION PROGRAM**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2019, the Borough of Pitman School District has food commodities totaling \$4,881 in inventory.

**NOTE 6: OTHER**

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, 2019. 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, 2019.

**NOTE 7: INDIRECT COST RATE**

The Borough of Pitman School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

BOROUGH OF PITMAN SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF  
AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2019

**NOTE 8: ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT  
MAJOR PROGRAM DETERMINATION**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are excluded from State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of State Financial Assistance reported in the District's financial statements and the amounts subject to State single audit and major program determination.

BOROUGH OF PITMAN SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? \_\_\_\_\_ Yes       X  No

2. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes       X  None reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes       X  No

**Federal Awards**

Internal control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ Yes       X  No

2. Significant deficiencies identified 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 2 CFR 200 section .516(a)? \_\_\_\_\_ Yes       X  No

Identification of major programs:

<u>CFDA Numbers</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A160100	Special Education Cluster (IDEA) IDEA Basic
84.173	H173A160114	IDEA Preschool

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

Auditee qualified as low-risk auditee?  X  Yes      \_\_\_\_\_ No

BOROUGH OF PITMAN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Section I – Summary of Auditor’s Results (Continued)**

**State Awards**

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

Auditee qualified as low-risk auditee?  Yes  No

Internal control over major programs:

- 1. Material weakness(es) identified?  Yes  No
- 2. Significant deficiencies identified that are not considered to be material weaknesses?  Yes  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 NJ OMB’s Circular 15-08?  Yes  No

Identification of major programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
495-034-5120-078	State Aid Public:
495-034-5120-089	Equalization Aid
495-034-5120-085	Special Education Aid
495-034-5120-084	Adjustment Aid
	Security Aid

**Section II – Financial Statement Findings**

**No matters reported.**

**FEDERAL AWARDS**

**No matters reported.**

**STATE AWARDS**

**No matters reported.**

BOROUGH OF PITMAN SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Status of Prior Year Findings**

N/A

**Findings**

N/A

**Condition**

N/A

**Current Status**

N/A